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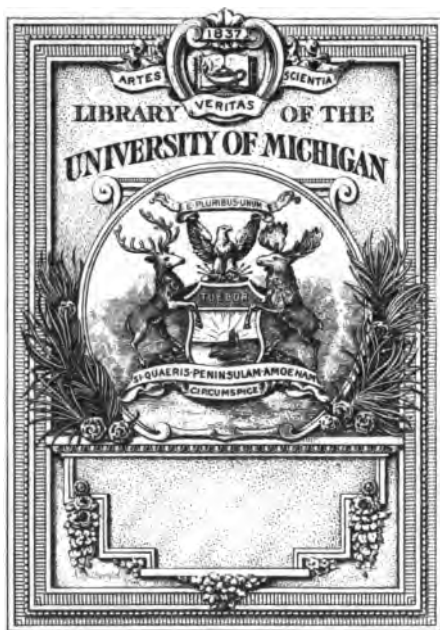
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Business can adjust itself to any conditions except those of uncertainty. Business can adjust itself to free trade or to protection; to a silver standard or to a gold standard; but it cannot adjust itself to an uncertain standard.

S. R. MACLAREN,
President Toledo Chamber of Commerce.

The Financial Question

A BRIEF DISCUSSION OF ALL ITS
IMPORTANT ASPECTS.

BY
CHARLES S. ASHLEY.

1. FINANCIAL FACTS ILLUSTRATED.
2. CONDENSED HISTORY OF AMERICAN MONEY.
3. HISTORY OF AN ENGLISH FINANCIAL CRISIS.
4. FIAT MONEY IN LITTLE RHODY.
5. THE PERILOUS POSITION OF THE BANKS.
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7. FANCY CURRENCY SCHEMES.
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Business can adjust itself to any conditions except those of uncertainty. Business can adjust itself to free trade or to protection; to a silver standard or to a gold standard; but it cannot adjust itself to an uncertain standard.

S. R. MACLAREN,
President Toledo Chamber of Commerce.

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The Financial Question

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BY
CHARLES S. ASHLEY.

TOLEDO, O.
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PREFATORY NOTE.

In the summer of 1893 the writer of this pamphlet had charge of certain very expensive improvements which had been undertaken, with the knowledge that, under any ordinary conditions, there were resources and credit amply sufficient to carry them through.

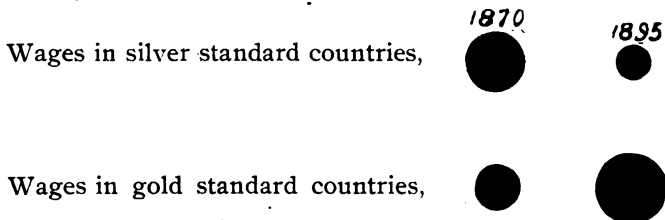
The remembrance of the dreary debate in the Senate, when, with fiendish selfishness, the silver Senators plunged the country deeper and deeper into financial prostration, entailing ruin on thousands and suffering on millions, in order that the country might be compelled to keep on buying their private property, and give their States an artificial prosperity, is still vivid; nor will it soon be blotted out.

During those fearful months when, but for the generous and frequently extended aid of one of those banks whom our Western friends delight to abuse—aid extended, too, under conditions of difficulty for the bank itself—the interests committed to the writer's care would probably have been irretrievably ruined, his education on the silver question received a finishing touch. He has no desire to go through any such experience again, nor to see the country suffer again as in that memorable year.

We are now well through the conditions which produced the catastrophe; but the local interests and financial quackery still exist, which may again lead the country on the rocks, and which are actively endeavoring to re-establish essentially the same legislation that brought about one of the severest panics ever known. The duty of the citizen, no less than private interest, requires us to make an intelligent study of the question and an effort in behalf of the truth.

FINANCIAL FACTS ILLUSTRATED.

The chief
cause of
the silver
agitation ...



Money paid silver miners for silver (\$464,-
000,000) by the United States Govern-
ment from 1878 to 1893.....



The silver purchased is only worth to-day
(\$250,000,000)



An ounce of silver was
worth

1870
\$1.33

1895
\$.60

Hence these tears,



Why silver has fallen:

Production 1870 (40,000,000 ounces),



Production 1893 (160,000,000
ounces)



Why gold has risen (?)

Annual product for 350 years previous to 1850 (about \$8,500,000).....

Annual product since 1850—California period (about \$150,000,000)...

How money is getting scarce (?)

United States circulation ...

1870
\$65,000,000

1894
\$1,661,835.674

Per capita.....

\$17.50

\$24.30

How the gold bugs are cornering money and booming the rate of interest:

Average rate of interest in the United States in 1870 (12 per cent.)

Average rate of interest in the United States in 1895 (6 per cent.).....

The gold bugs don't seem to be getting there very fast.

The free silver man's facts..... 

The free silver man's imagination
of facts..... 

The free silver man's logic..... 

What the free silver man thinks he knows about it,

We shall have to leave this to the reader's imagination.
A forty-acre field isn't big enough for a diagram.

Silver dollars coined by United States
Government prior to 1873 ("dollars of
our daddies")

 \$80,1238.

Silver dollars coined by United States Government after
the "crime of '73,"

 \$419,332,777.

Somehow the silver men seem to have got these two mixed up. Here is about the way they talk about it:

Silver coined
before 1873.....



Silver coined since 1873.....



The Greenbacker. The Populist. The Free Silver Man.



"Birds of a feather flock together."

From a silver bug's memorandum book:

The value of the gold dollar.....



The value of the silver dollar under free
coinage.....



(Say this to those who oppose a depreciated currency,
but want more money).

The value of the gold dollar.....



The value of the silver dollar under
free coinage.....



(Say this to the chaps who want to pay off their debts
on the cheap).

Senator Stewart's lung power.....



Senator Stewart's consistency in voting for the act of
1873 and then calling it a "crime," and in putting a
"gold clause" in his mortgages (invisible to the naked
eye).

THE SILVER BUG'S CREED CONDENSED.

It is the duty of the American people to buy all the
silver we can turn out at OUR PRICE. We fear they will
be ruined, and the laboring man will suffer terribly if
they don't—we don't think of ourselves at all!!

A FEW LESSONS FROM HISTORY.

A CONDENSED HISTORY OF MONEY STANDARDS IN THE UNITED STATES.

Alexander Hamilton, the first secretary of the Treasury, tried to establish the bimetallic system in this country by procuring the passage of a law giving free coinage to silver and gold at the ratio of 15 to 1; that is, it took 15 times as much weight of silver to make a dollar as gold.

The result of this was that it took only 100 cents worth of silver to make a dollar, but about 103 cents worth of gold to make one. Consequently the few gold coins made by the government were promptly melted and sold as bullion. The extra demand for silver, which according to current silver theories ought to have existed, did not materialize sufficiently to raise the value of silver to its legal ratio with gold.

Consequently silver was the only real standard of value in the United States for many years. It circulated, however, principally in foreign coins, and the people, as a matter of fact, largely conducted their monetary affairs by custom and without much reference to legal tender.

In 1834, however, Congress took up the matter of the absence of gold from our circulation, which, because of the superior convenience of gold for all but small pay-

ments, had become a serious matter, and attempted to adjust matters by changing the ratio. They again acted on a bimetallic theory and tried to fix the ratio so that both metals would circulate. They enacted that the metals should be coined 16 to 1. Gold came promptly into circulation at this figure, but as the gold dollar was in intrinsic or bullion value a few cents less, by this ratio, than the silver dollar, the latter at once disappeared as gold had formerly done. The silver dollar was worth a few cents more as bullion than it was when coined. Consequently the coined silver was immediately exported or melted. Nor did the extra value given to gold, if any, by these circumstances bring it up to the level of the silver at a ratio of 16 to 1. The bimetallic theory was again found wanting.

Thus, from 1834 to the present time, except during the greenback era, the country has really been on a gold basis. The much-abused act of 1873, for which Senator Stewart, the loudest of all the free silver advocates, himself voted, merely recognized and confirmed the existing state of facts by withdrawing all provisions for the coinage of silver dollars. At the time this was done little or no objection was made because, the silver in a legal dollar being worth about 103 cents, nobody wanted to coin it. The entire Pacific slope delegation accordingly voted for the act, as nobody at that time anticipated the decline of silver which was about to take place.

From 1873 to 1878, then, we were on a gold basis in law as well as in fact; except for the outstanding greenbacks, which being cheaper than the gold, alone circulated in ordinary business. In 1878 the Bland-Allison

bill passed, requiring the Secretary of the Treasury to try and coin from \$2,000,000 to \$4,000,000 a month in silver. This bill became law because of the clamor against the "contraction" of the currency due to the resumption act, which, as resumption drew near, constantly made greenbacks more valuable and debts consequently harder and harder to pay.

This Bland-Allison Act excited considerable alarm among financial men, because it was feared that in time it would put the country on a silver basis. In 1886, as it became more and more evident that the people would only use about 60,000,000 of silver dollars in actual business, and that the balance put forth by the Government speedily returned to it, there was a small panic. It soon subsided, however, and the absence of conspicuous calamity made many people feel that the act of 1878 was justified by results. In 1890 silver had declined to a point where the free coinage of silver would mean that the miners could pay a debt of a dollar with 75 cents' worth of silver, and their pressure for Government aid, with a falling market for silver, became intense. It happened just at this time that the silver Senators held the balance of power in the Senate, and several times succeeded in getting through a free coinage bill, which always failed in the House. Their opportunity came, however, when the McKinley bill reached the Senate. It became known that something would have to be done for silver or the McKinley bill would not get through.

Out of this circumstance the Sherman Act was born—one of the most infamous log-rolling laws ever passed; an act passed with full knowledge of its consequences by

its able and distinguished author, and disavowed by him soon after its enactment. It was hoped by the silver men that this act, requiring the Government to buy 4,500,000 ounces of silver every month, would boom its price; and this result followed for a short time. Then silver began to fall again, and notwithstanding the large purchases made by the Government, silver kept on falling till it reached the lowest point in its history. At the same time the volume of currency resting on silver continued its rapid increase from month to month. People began to pay custom duties in treasury notes and greenbacks instead of gold, and the Government's receipts of gold fell rapidly off. In 1888 about 97 per cent. of the duties paid in New York were in gold; but after 1890 this proportion rapidly dwindled till in the winter of 1892-3 practically none at all was paid. Thus the Government's power to redeem its obligations in gold became rapidly less. In the summer of 1892, when about 10 per cent. of the New York customs receipts were being paid in gold, Secretary Foster executed a clever coup on the New York bankers when they applied for orders on the Chicago Sub-Treasury in lieu of sending currency west by express. He required them to deposit gold at the New York Sub-Treasury, and then ordered the Chicago Sub-Treasury to pay out treasury notes and greenbacks. In this way the Treasury gained about \$12,000,000. But like all temporary expedients this availed but little, because anybody holding Government paper could present it for redemption. About the first of February, 1893, the Government reserve sank to a low point, and it was reported that Secretary Foster advised the issuance of bonds as the only way to get the gold

necessary for the preservation of the Government's credit. The Harrison administration, however, preferred to let the unpopularity of that act rest upon the incoming administration, and did nothing. Mr. Cleveland, in the meantime, induced his friends in Congress to make an effort to repeal the Sherman Act, but the attempt met with defeat in both Houses.

Then came the Cleveland administration, and with it, for the first time, a determined effort to treat the currency question on scientific, consistent and business-like principles, without regard to politics. In a few months the Treasury situation became so bad, and public suffering so great from the general paralysis of business and credit, that Mr. Cleveland was able to call the new Congress and after a most bitter struggle, every day of which entailed dozens of failures and untold distress, to procure the repeal of the purchase clauses of the Sherman law. The instant that repeal became certain stocks rose an average of about ten cents on the dollar, but the country recovered very slowly from the utter destruction of confidence and enterprise entailed by the briefest and severest of our panics.

Since that time silver has continued to fall. And yet, though it was frequently asserted by Senator Teller during the debate of 1893 that silver could not be produced at less than 70 cents an ounce, it has actually been produced in increased quantities with the market price ranging around 60.

Millions on millions of silver ore and bullion are now in store in the West. A panic always produces a cry for cheap money; but it is the existence of this ore and bul-

lion which lends strength and organization, and supplies funds to what would otherwise be a feeble and sporadic movement. It is these things rather than a genuine and natural popular strength that still paralyzes business with the uncertain conditions they involve, and that force upon the people of the United States a question by far more momentous for their welfare, than any other they have had to decide since the war.

AUTHORITIES:

The reader who wants a more detailed account of the history of American money is advised to read W. G. Sumner's History of American Currency, or Laughlin's History of Bimetallism in the U. S. In the histories of McMaster and John Fiske are several amusing and instructive accounts of experiments in the fiat money line by individual states.

INFLATION SIXTY YEARS AGO.

The cheap money people all want "more money," feeling that if it were only plenty, and with legal debt-paying power, its intrinsic value would not be important, and that the debtor classes would naturally pay off their debts in an easier way. This alleged need of "more money" is admitted moreover by many men who oppose free silver, and in effect by all those who propose or support any one of the many plans for bank-note currency.

Sixty years ago this country had plenty of "cheap money." Banks were chartered galore by various States, with authority to issue notes intended to circulate as currency. While many of these banks were sound, and were prepared at any time to redeem their notes in gold, a great

many were practically fraudulent, and flooded the country with notes of little value. In his History of the United States (Vol. 4, p. 262), Mr. Shouler thus describes some of the results:

"Speculation grew wilder with Jackson's last year of office and signs of a coming revulsion appeared in the winter, though few took heed of them. * * * The scarcity of metallic money forced up the current rates of interest, so that citizens would pay two per cent a month and more to carry schemes from which they hoped very shortly to realize fifty or one hundred per cent. Now might be heard ominous mutterings from the people. The laborer found his peck of meal and basket of coal going upward in price, while the rag money which paid his week's toil was the same as before. * * * One February afternoon a public meeting was held at the park (in New York) to protest against the high rents which people had to pay and the starvation prices of their bread and fuel. Inflammatory placards had been posted about the city. An immense crowd in front of the City Hall, after listening to the heated harangues of demagogue politicians, were worked up to spoil and outrage. Flour by this time had risen to \$12 a barrel, and certain dealers were pointedly accused of buying up the market for a speculation. On a hint from one of their more passionate orators the crowd moved to the brick warehouse of a flour merchant in a neighboring street. His strong portals, which he had closed in defense, they forced open by a vigorous assault. An iron door was torn from its hinges and in rushed rioters to take possession, tumbling out sacks and barrels of flour into the street from every door

and window; they burst as they fell, or were ripped open and staved in by the outside multitude. Old crones darted forward like birds of prey, and filling baskets and aprons from the soft drift—which lay knee-deep on the pavement whiter than snowflakes, made off for their homes. The stores of other dealers were plundered in the same manner. * * * Night saw our democratic metropolis patrolled by troops like some beleaguered city, their arms glittering in the moonbeams. * * *

“Money grew scarce, commanding exorbitant interest rates, which rose as high as three and four per cent. a month. * * * Labor found no relief from the incubus of high rents and provisions. In New York City angry meetings were still held at the park. Here were seen fiery handbills posted on the walls: ‘No rag money; give us gold and silver.’ * * * Wild panic spread from town to town; business men suspended payment, house after house went down, contract engagements were defaulted, improvement projects came to a stop, and mechanics discharged their hands, unable to provide work for them. Down came the mercury of fictitious prices. * * * Ill fared the banks in this evil extremity. At first the chief establishments of New York and Philadelphia tried to relieve by enlarging their discounts, and Biddle, whose word was law, besought the men of business to have confidence. But such aid was only temporary. * * * On the 10th of May (1837) all the banks of New York City suspended specie payment, those in Boston, Philadelphia and Baltimore followed on hearing the news; and summer saw not a bank in the whole Union meeting its demands in gold and silver.”

MR. CARLISLE ON THE "CRIME OF '73."

In his Covington speech Mr. Carlisle thus handled the oft-repeated assertion, that the act of 1873 was passed by stealth:

NOT PASSED BY STEALTH.

"But, gentlemen, it is not true that the act of February 12, 1873, which made the gold dollar the unit of value and dropped the standard silver dollar from the coinage, was passed by stealth, or that its purpose or effect was to deprive the people of the use of any coin then in use or existence in this country. That bill was pending in Congress for nearly three years and was under consideration during five sessions of that body; it was distinctly recommended in two reports of the Secretary of the Treasury and the Director of the Mint, and it was officially printed and laid on the desks of members of the House and of the Senate thirteen different times before the final vote was taken on it. It was read at length in the open Senate several times and in the House at least once, as shown by the record; it was reported from committees seven times, and the discussion upon it in the House fills fifty-six columns of the Congressional Globe, and in the Senate seventy-eight columns. As first reported to the Senate and passed by that body in January, 1871, the bill did not provide for the coinage of any silver dollar whatever, but expressly limited the coinage of that metal to subsidiary pieces—half dollars, quarters and dimes. In this form, without any provision for the coinage of any kind of silver dollar, the bill was passed in the Senate on

the 10th day of January, 1871, upon the call of the yeas and nays, and the record shows that two Senators from Kentucky, Garrett Davis and Thomas C. McCreery; the distinguished democratic Senator from Ohio, Allen G. Thurman; the present Senator from Nevada, W. M. Stewart, together with all the other Senators from the Pacific slope, voted in the affirmative, while Senator Sherman, Senator Morrill and twelve others voted in the negative. The reason given by Mr. Sherman for voting against the bill was that the Senate had, in obedience to the demands of the Senators from the Pacific coast, so amended the bill, after it was reported from the committee, as to abolish the charge of one-fifth of one per cent. for coining gold, thus making the coinage of that metal entirely free. The bill went to the House of Representatives, but it was not disposed of during that Congress, and at the first session of the next Congress Mr. Kelley, of Pennsylvania, introduced it in the House and it was referred to a committee. So far as the coinage of the silver dollar was affected, the bill introduced by him was precisely the same as the one that had passed the Senate—that is, it made no provision for such a coin. However, when the bill was finally reported back from the committee to the House it was so amended as to provide for the coinage of a subsidiary piece, to be called a dollar, and to contain 384 grains of standard silver, the same as the French five-franc piece, and it was to be a legal tender to the extent of \$5.00 and no more. In this form it passed the House by a very large majority—in fact, the opposition to it was so weak that the yeas and nays were not even called. The Senate struck out the

five-franc subsidiary dollar and substituted for it another subsidiary coin called the trade dollar, containing 420 grains of standard silver, and provided that it should be a legal tender to the amount of \$5.00, and no more. A committee of conference was appointed, the Senate amendment was agreed to, and the bill became a law by the approval of President Grant on the 12th day of February, 1873. This brief historical statement of the proceedings, which is fully sustained by the official record, shows that it was well understood in Congress that the old standard silver dollar of $412\frac{1}{2}$ grains was not to be thereafter coined at our mints, and that the only difference of opinion that ever existed, even temporarily, between the Senate and House was whether they should substitute in its place a subsidiary coin containing 384 grains, or a subsidiary coin containing 420 grains of silver. No proposition was made in either body to continue the coinage of the old dollar, or to make any silver coin the unit of value or a full legal tender in the payment of debts.

WHY THE ACT WAS PASSED.

"The plain truth is, that the act of 1873, which has been the subject of so much misapprehension and denunciation, was simply a legal recognition of a monetary condition which had existed, in fact, in this country for about thirty-five years, or ever since a short time after the passage of the coinage act of 1834. From about the year 1838 until after the passage of the Bland-Allison Act in 1878, no silver dollars were in circulation in this country, and our whole currency consisted of gold coins and bank

notes, except from 1862 to 1878, when our active circulation, outside of California and its neighboring territory, was all paper."*

HISTORY OF AN ENGLISH FINANCIAL CRISIS.

[Exactly two hundred years ago a financial crisis in England, due to precisely the same cause and accompanied by precisely the same effects as that from which this country is now suffering. The currency of England at that time was silver, which after undergoing many changes due to the poverty and dishonesty of successive kings, had arrived on a stable basis except for one circumstance: that the coin, being made by hand, was not perfectly round and not all of a size, thus leading to the practice of clipping the larger and afterward all other kinds of coin. This practice grew to such an extent in spite of the ferocious punishment which was enforced for the clipping, that the currency came into a state of complete disorder. The officers of the exchequer, in 1695, weighed 57,200 pounds of hammered money, which had recently been brought it, nominally about 220,000 ounces in weight, and it proved to be under 114,000 ounces. In Macaulay's History of England, chapter 21, there is a brilliant description of the disorder and misery thus caused and of the remedy which was found for it. Both disorder and remedy are full of instruction for us at the present day, though it is much to be lamented, that after two hundred years more of commercial experience, men of English blood should need such elementary lessons. Below is quoted such portions of Macaulay's description as space permits. I regret that I cannot quote Macaulay's description in full.]

The evils produced by this state of the currency were not such as have generally been thought worthy to occupy a prominent place in history. Yet it may well be doubted whether all the misery which had been inflicted on the English nation in a quarter of a century by

bad kings, bad ministers, bad parliaments, and bad judges, was equal to the misery caused in a single year by bad crowns and bad shillings. Those events which furnish the best themes for pathetic or indignant eloquence are not always those which most affect the happiness of the great body of the people. The misgovernment of Charles and James, gross as it had been, had not prevented the common business of life from going steadily and prosperously on. While the honor and independence of the State were sold to a foreign power, while chartered rights were invaded, while fundamental laws were violated, hundreds of thousands of quiet, honest, and industrious families labored and traded, ate their meals and lay down to rest, in comfort and security. Whether Whigs or Tories, Protestants or Jesuits were uppermost, the grazier drove his beasts to market; the grocer weighed out his currants; the draper measured out his broadcloth; the hum of buyers and sellers was as loud as ever in the towns; the harvest-home was celebrated as joyously as ever in the hamlets; the cream overflowed the pails of Cheshire; the apple-juice foamed in the presses of Herefordshire; the piles of crockery glowed in the furnaces of the Trent, and the barrows of coal rolled fast along the timber railways of the Tyne. But when the great instrument of exchange became thoroughly deranged, all trade, all industry, were smitten as with a palsy. The evil was felt daily and hourly in almost every place and by almost every class, in the dairy and on the threshing floor, by the anvil and the loom, on the billows of the ocean and in the depths of the mine. * * * * No merchant would contract to deliver goods without making some

stipulation about the quality of the coin in which he was to be paid. Even men of business were often bewildered by the confusion into which all pecuniary transactions were thrown. The simple and the careless were pillaged without mercy by extortioners whose demands grew even more rapidly than the money shrank. The price of the necessities of life, of shoes, of ale, of oatmeal, rose fast. The laborer found that the bit of metal, which, when he received it, was called a shilling, would hardly, when he wanted to purchase a pot of beer or a loaf of rye-bread, go as far as sixpence. Where artisans of more than usual intelligence were collected in great numbers, as in the dock-yard at Chatham, they were able to make their complaints heard and to obtain some redress. But the ignorant and helpless peasant was cruelly ground between one class which would give money only by tale, and another which would take it only by weight. Yet his sufferings hardly exceeded those of the unfortunate race of authors. Of the way in which obscure writers were treated we may easily form a judgment from the letters, still extant, of Dryden to his book-seller Tonson. One day Tonson sends forty brass shillings, to say nothing of clipped money. Another day he pays a debt with pieces so bad that none of them will go. The great poet sends them all back, and demands in their place guineas at twenty-nine shillings each: "I expect," he says in one letter, "good silver—not such as I have had formerly." "If you have any silver that will go," he says in another letter, "my wife will be glad of it. I lost thirty shillings or more by the last payment of fifty pounds." These complaints and demands, which have been preserved

from destruction only by the eminence of the writer, are doubtless merely a fair sample of the correspondence which filled the mail-bags of England during several months.

[Under these considerations, of course, the inevitable cheap money man made himself heard then, precisely as he does now. His remedy was the same then as it is now and his noise and agitation caused precisely the same commercial timidity and depreciation, that it causes now. We quote the following :]

Those politicians whose voice was for delay gave less trouble than another set of politicians, who were for a general and immediate recoinage, but who insisted that the new shilling should be worth only ninepence or ninepence-half-penny. At the head of this party was William Lowndes, Secretary of the Treasury, and member of Parliament for the borough of Seaford, a most respectable and industrious public servant, but much more versed in the details of his office than in the higher parts of political philosophy. He was not in the least aware that a piece of metal with the King's head on it was a commodity of which the price was governed by the same laws which govern the price of a piece of metal fashioned into a spoon or a buckle, and that it was no more in the power of Parliament to make the kingdom richer by calling a crown a pound than to make the kingdom larger by calling a furlong a mile. He seriously believed, incredible as it may seem, that, if the ounce of silver were divided into seven shillings instead of five, foreign nations would sell us their wines and their silks for a smaller number of ounces. He had a considerable

following, composed partly of dull men who really believed what he told them, and partly of shrewd men who were perfectly willing to be authorized by law to pay a hundred pounds with eighty. Had his arguments prevailed, the evils of a vast confiscation would have been added to all the other evils which afflicted the nation; public credit, still in its tender and sickly infancy, would have been destroyed; and there would have been much risk of a general mutiny of the fleet and army. Happily Lowndes was completely refuted by Locke in a paper drawn up for the use of Somers. Somers was delighted with this little treatise, and desired that it might be printed. It speedily became the text-book of all the most enlightened politicians in the kingdom, and may still be read with pleasure and profit. The effect of Locke's forcible and perspicuous reasoning is greatly heightened by his evident anxiety to get at the truth, and by the singularly generous and graceful courtesy with which he treats an antagonist of powers far inferior to his own. Flamsteed, the Astronomer Royal, described the controversy well by saying that the point in dispute was whether five was six or only five.

* * * * *

Meanwhile the newly liberated presses of the capital never rested a moment. Innumerable pamphlets and broadsides about the coin lay on the counters of the booksellers, and were thrust into the hands of members of Parliament in the lobby. In one of the most curious and amusing of these pieces Lewis and his ministers are

introduced, expressing the greatest alarm lest England should make herself the richest country in the world by the simple expedient of calling ninepence a shilling, and confidently predicting that, if the old standard were maintained, there would be another revolution. Some writers vehemently objected to the proposition that the public should bear the expense of restoring the currency; some urged the Government to take this opportunity of assimilating the money of England to money of neighboring nations; one projector was for coining guilders: another for coining dollars.

Within the walls of Parliament the debates continued during several anxious days. At length Montague, after defeating, first those who were for letting things remain unaltered till the peace, and then those who were for the little shilling, carried eleven resolutions in which the outlines of his own plan were set forth. It was resolved that the money of the kingdom should be recoined according to the old standard both of weight and of fineness; that all the new pieces should be milled; that the loss on the clipped pieces should be borne by the public; that a time should be fixed after which no clipped money should pass, except in payments to the Government; and that a later time should be fixed, after which no clipped money should pass at all. What divisions took place in the Committee cannot be ascertained. When the resolutions were reported there was one division. It was on the question whether the old standard of weight should be maintained. The noes were a hundred and fourteen; the ayes two hundred and twenty-five. * * * The news that the Parliament and the Government were de-

terminated on a reform of the currency produced an ignorant panic among the common people. Every man wished to get rid of his clipped crowns and half-crowns. No man liked to take them. There were brawls approaching to riots in half the streets of London. The Jacobites, always full of joy and hope in a day of adversity and public danger, ran about with eager looks and noisy tongues. The health of King James was publicly drunk in taverns and on ale-benches. Many members of Parliament, who had hitherto supported the Government, began to waver; and, that nothing might be wanting to the difficulties of the conjecture, a dispute on a point of privilege arose between the Houses. The Recoinage Bill, framed in conformity with Montague's resolutions, had gone up to the Peers, and had come back with amendments, some of which, in the opinion of the Commons, their Lordships had no right to make. The emergency was too serious to admit of delay. Montague brought in a new bill, which was, in fact, his former bill modified in some points to meet the wishes of the Lords; the Lords, though not perfectly contented with the new bill, passed it without any alteration, and the royal assent was immediately given.

* * * * *

Saturday, the second of May, had been fixed by Parliament as the last day on which the clipped crowns, half-crowns, and shillings were to be received by tale in payment of taxes. The Exchequer was besieged from dawn till midnight by an immense multitude. It was

necessary to call in the guards for the purpose of keeping order. On the following Monday began a cruel agony of a few months, which was destined to be succeeded by many years of almost unbroken prosperity.

Most of the old silver had vanished. The new silver had scarcely made its appearance. Several millions sterling, in ingots and hammered coins, were lying in the vaults of the Exchequer; and the milled money as yet came forth very slowly from the mint. Alarmists predicted that the wealthiest and most enlightened kingdom in Europe would be reduced to the state of those barbarous societies in which a mat is bought with a hatchet, and a pair of moccasins with a piece of venison.

There were, indeed, some hammered pieces which had escaped mutilation; and sixpences not clipped within the innermost ring were still current. This old money and the new money together made up a scanty stock of silver, which, with the help of gold, was to carry the nation through the summer and autumn. The manufacturers generally contrived, though with extreme difficulty, to pay their workmen in coin. The upper classes seem to have lived to a great extent on credit. Even an opulent man seldom had the means of discharging the weekly bills of his baker and butcher.

[At the solicitation of the ministry of the day, the celebrated Sir Isaac Newton laid aside, in the words of Macaulay, "those studies in which he surpassed Archimedes and Gallileo," and devoted himself entirely to the task of recoinage money, the want of which was very severely felt.

Under his able direction, money was poured forth from the mint many times faster than had ever previously been done.]

Yet even this issue, though great, not only beyond precedent, but beyond hope, was scanty when compared with the demands of the nation. Nor did all the newly stamped silver pass into circulation; for during the summer and autumn those politicians who were for raising the denomination of the coin were active and clamorous; and it was generally expected that, as soon as the Parliament should reassemble, a strong effort would be made to carry a law enacting that ninepence should be a shilling. *Of course no person who thought it probable that he should, at a day not far distant, be able to pay a debt of a pound with three crown-pieces instead of four, was willing to part with a crown-piece till that day arrived. Most of the milled pieces were therefore hoarded.* May, June and July passed away without any perceptible increase in the quantity of good money. It was not till August that the keenest observer could discern the first faint signs of returning prosperity.

The distress of the common people was severe, and was aggravated by the follies of magistrates and by the arts of malcontents. The Lords-Justices, by an order in Council, exhorted gentlemen who were in the Commission of the Peace to hold frequent meetings, and to see that both the laws for the relief of the poor and the laws for the repression of vagrancy and rioting were effectually put into execution. Those gentlemen were therefore unusually active, through this trying summer, in every part of the country; nor can it be doubted that their activity was on the whole beneficial. But, unfortunately, many of them, not content with discharging their proper functions, took upon them to administer a strange sort

of equity; and as no two of these rural Prætors had exactly the same notion of what was equitable, their edicts added confusion to confusion. In one parish people were, in outrageous violation of the law, threatened with the stocks, if they refused to take clipped shillings by tale. In the next parish it was dangerous to pay such shillings, except by weight. The enemies of the Government, at the same time, labored indefatigably in their vocation. They harangued in every place of public resort, from the Chocolate House in Saint James' Street to the sanded kitchen of the ale-house on the village green. In verse and prose they incited the suffering multitude to rise up in rebellion. Of the tracts which they published at this time, the most remarkable, was written by a deprived priest named Grascombe, of whose ferocity and scurrility the most respectable nonjurors had long been ashamed. He now did his best to persuade the rabble to tear in pieces those members of Parliament who had voted for the restoration of the currency. It would be too much to say that the malignant industry of this man, and of men like him, produced no effect on a population which was doubtless severely tried. There were tumults in several parts of the country, but tumults which were suppressed with little difficulty, and, as far as can be discovered, without the shedding of a drop of blood. In one place a crowd of poor ignorant creatures, excited by some knavish agitator, besieged the house of a Whig member of Parliament, and clamorously insisted on having their short money changed. The gentleman consented, and desired to know how much they had brought. After some delay, they were able to produce a single clipped

half-crown. Such disturbances as this were at a distance exaggerated into insurrections and massacres. At Paris it was gravely asserted in print that, in an English town which was not named, a soldier and a butcher had quarreled about a piece of money, that the soldier had killed the butcher, that the butcher's man had snatched up a cleaver and killed the soldier, that a great fight had followed, and that fifty dead bodies had been left on the ground. The truth was the behavior of the great body of the people was beyond all praise. The Judges, when, in September, they returned from their circuits, reported that the temper of the nation was excellent. There was a patience, a reasonableness, a good nature, a good faith, which nobody had anticipated.

* * * * *

In fact the tide had already turned. *From the moment at which the Commons notified their fixed determination not to raise the denomination of the coin, the milled money began to come forth from a thousand strong-boxes and private drawers.* There was still pressure; but that pressure was less and less felt day by day. The nation, though still suffering, was joyful and grateful. Its feelings resembled those of a man who, having been long tortured by a malady which has embittered his existence, has at last made up his mind to submit to the surgeon's knife, who has gone through a cruel operation with safety, and who, though still smarting from the steel, sees before him many years of health and enjoyment, and thanks God that the worst is over. Within four days

after the meeting of Parliament there was a perceptible improvement in trade. *The discount on bank notes had diminished by one-third.* The price of those wooden tallies, which, according to a usage handed down to us from a rude age, were given as receipts for sums paid into the Exchequer, had risen. The exchanges, which had during many months been greatly against England, had begun to turn. Soon the effect of the magnanimous firmness of the House of Commons was felt at every court in Europe. * * * * Meanwhile the mints were pouring forth the new silver faster than ever. The distress which began on the fourth of May, 1696, which was almost insupportable during the five succeeding months, and which became lighter from the day on which the Commons declared their immutable resolution to maintain the old standard, ceased to be painfully felt in March, 1697. Some months were still to elapse before credit completely recovered from the most tremendous shock that it has ever sustained. But already the deep and solid foundation had been laid on which was to rise the most gigantic fabric of commercial prosperity that the world had ever seen.

A FIAT EXPERIMENT IN LITTLE RHODY.

[Rhode Island has the distinction of having made probably the most complete and satisfactory experiment in fiat money in history. It has its bearing on the attempt to make 50 cents worth of silver a dollar, as well as on various populistic theories.

The following account is quoted from John Fiske's *Critical Period of American History*, pp. 173-177:]

The debates over paper money in the Rhode Island legislature began in 1785, but the advocates of a sound currency were victorious. These men were roundly abused in the newspapers, and in the next spring election most of them lost their seats. The legislature of 1786 showed an overwhelming majority in favor of paper money. The farmers from the inland towns were unanimous in supporting the measure. They could not see the difference between the State making a dollar out of paper and a dollar out of silver. The idea that the value did not lie in the Government stamp they dismissed as idle crochet, a wire-drawn theory, worthy only of "literary fellows." What they could see was the glaring fact that they had no money, hard or soft; and they wanted something that would satisfy their creditors and buy new gowns for their wives, whose raiment was unquestionably the worse for wear. On the other hand the merchants from seaports like Providence, Newport, and Bristol understood the difference between real money and the promissory notes of a bankrupt Government, but they were in a hopeless minority. Half a million dollars were issued in scrip, to be loaned to the farmers on a mortgage on their real estate. No one could obtain the scrip without giving a mortgage for twice the amount, and it was thought that this security would make it as good as gold. But the depreciation began instantly. When the worthy farmers went to the store for dry goods or sugar, and found the prices rising with dreadful rapidity, they were at first astonished, and then enraged. The trouble, as they truly said, was with the wicked merchants, who would not take the paper dollars at their face value.

These men were thus thwarting the Government, and must be punished. An act was accordingly hurried through the legislature, commanding everyone to take paper as an equivalent for gold, under penalty of five hundred dollars fine and loss of the right of suffrage. The merchants in the cities thereupon shut up their shops. During the summer of 1786 all business was at a standstill in Newport and Providence, except in the bar-rooms. There and about the market places men spent their time angrily discussing politics, and scarcely a day passed without street fights, which at times grew into riots. In the country, too, no less than in the cities, the goddess of discord reigned. The farmers determined to starve the city people into submission, and they entered into an agreement not to send any produce into the cities until the merchants should open their shops and begin selling their goods for paper at its face value. Not wishing to lose their pigs and butter and grain, they tried to dispose of them in Boston and New York, and in the coast towns of Connecticut. But in all these places their proceedings had awakened such lively disgust that placards were posted in the taverns warning purchasers against farm produce from Rhode Island. Disappointed in these quarters, the farmers threw away their milk, used their corn for fuel, and let their apples rot on the ground, rather than supply the detested merchants. Food grew scarce in Providence and Newport, and in the latter city a mob of sailors attempted unsuccessfully to storm the provision stores. The farmers were threatened with armed violence. Town meetings were held all over the State, to discuss the situation, and how long they

might have talked to no purpose none can say, when all at once the matter was brought into court. A cabinet-maker in Newport, named Trevett, went into a meat market, kept by one John Weeden, and, selecting a joint of meat, offered paper in payment. Weeden refused to take the paper except at a heavy discount. Trevett went to bed supperless, and next morning informed against the obstinate butcher for disobedience to the forcing act. Should the court find him guilty, it would be a good speculation for Trevett, for half of the five hundred dollars fine was to go to the informer. Hard money men feared lest the court might prove subservient to the legislature, since that body possessed the power of removing the five judges. The case was tried in September amid furious excitement. Huge crowds gathered about the court house and far down the street, screaming and cheering like a crowd on the night of a presidential election. The judges were clear-headed men, not to be brow-beaten. They declared the forcing act unconstitutional, and dismissed the complaint. Popular wrath then turned upon them. A special session of the legislature was convened, four of the judges were removed, and a new forcing act was prepared. This act provided that no man could vote at elections, or hold any office, without taking a test oath, promising to receive paper money at par. But this was going too far. Many soft money men were not wild enough to support such a measure. Among the farmers there were some who had grown tired of seeing their produce spoiled on their hands; and many of the richest merchants had announced their intention of moving out of the State. The new forcing act

accordingly failed to pass, and presently the old one was repealed. The paper dollar had been issued in May; in November it passed for sixteen cents.

These outrageous proceedings awakened disgust and alarm among sensible people in all the other States, and Rhode Island was everywhere reviled and made fun of. One clause of the forcing act had provided that if a debtor should offer paper to his creditor, and the creditor should refuse to take it at par, the debtor might carry his rag money to court and deposit it with the judge; and the judge must thereupon issue a certificate discharging the debt. The form of certificate began with the words "Know Ye," and forthwith the unhappy little State was nicknamed Rogues' Island, the home of Know Ye men and Know Ye measures.

THE ALLEGED RISE OF GOLD.

The silver men universally claim that gold has greatly risen in value, and that it is rising to-day; so that it is becoming continually harder to pay debts. Thus, they say, the idle capitalist has only to sit by and reap a huge profit at the expense of the farmer and "producer," who, as a rule, are in debt.

This claim, reiterated with great persistence, is admitted by many weak-kneed sound-money men, such as E. Benjamin Andrews, LL. D., the President of Brown University.

If this claim were well founded, it would go far to justify a return to silver monometallism; for nothing in my opinion can justify or excuse a return to such a

wobbling and uncertain system as contemplated by bimetallic theory.

The reasons given for the belief that gold has risen are very brief. They amount simply to this: That the price of iron, wheat, cotton, and of most manufactured products have greatly fallen as expressed in gold; *therefore*, it is more natural to infer that gold, a single commodity, has risen rather than to believe that a great many have fallen.

It is true, of course, that the price of nearly all manufactured products have fallen. Some articles are sold at one-fifteenth part of the price thirty years ago; others perhaps still less. Steel rails sell at \$24 as compared with \$150; and most other manufactured articles in something like the same proportion. But this is manifestly because, notwithstanding the advance in wages, the *cost* of production has greatly fallen owing to the inventions of Bessemer and a thousand other men. If one will visit the works of the Illinois Steel Company, and see iron ore converted, without reheating, into pig iron, then into blooms and then into rails, all with an incredibly small amount of human labor, he will realize how much invention has to do with the fall in price.

Agricultural products have, on the average, fallen somewhat in money price *at the great centers*. Corn, however, the greatest of them all, has risen considerably. The silver men, therefore, contrive to forget about corn and talk about wheat. Wheat has fallen, though not so much as is pretended. Secretary Smith, of the Toledo Produce Exchange, tells me that he bought 6,000 bushels of No. 2 wheat, in the fall of 1850, at 50 cents, and with

great difficulty avoided loss in selling. Although wheat has fallen in centers, the farmer gets more for it on an average than in the "forties." Increased railroad facilities and decreased freight rates make up the difference. Fifty years ago it was common for the Ohio farmer to get 25 cents for his wheat and to burn his corn as fuel.

On the other hand the following circumstances indicate that gold itself has considerably fallen:

1. Products, where methods of production are the same as fifty years since, are all higher. According to Mulhall, pork has risen during this period 56 per cent., tobacco 44 per cent., butter 45 per cent., and cheese 80 per cent. Chickens, eggs and beef have also risen. A comparison with former prices is only useful for this purpose, where conditions of production are unchanged.

2. Wages have risen the world over, and are rising continually. In such occupations as the building trades, blacksmithing, etc., where the character of the work has changed but little, Mulhall states that wages increased about 50 per cent. between 1840 and 1880 in England. The showing for the United States is about the same.

3. Real estate has risen greatly, not only in cities, but on the average, in farms, as shown by the census report of the United States.

4. The prevailing rate of interest in the United States has fallen very much, probably one-half. This indicates, in the most forcible manner, that money is not getting scarce and dear, but plenty and cheap.

5. The vast production of gold since the Californian discoveries, now going on at an unparalleled rate, strongly negatives the idea of a rise of gold. The average annual

product of gold is now about twenty times what it was during the 350 years after the discovery of America. In all, nearly twice as much gold has been produced during the past fifty years as during the 350 years preceding. Methods of production, too, have greatly improved, thus reducing the cost of bringing gold to market.

All these things seem to indicate in a convincing manner that gold has itself fallen considerably during the past fifty years, probably 25 per cent., perhaps as much as 40 per cent.

THE OUTLOOK FOR GOLD.

"We have referred repeatedly to the valuable paper in *The North American Review*, by the Director of the Mint, making intelligible by the highest authority the character and magnitude of the South African gold mines, and proving that the production of gold even in 1856-60 is already exceeded. The output of gold for 1893 was, in the language of the Director of the Mint, "the largest in history," amounting to \$155,522,000. The output of '94 is certainly a great deal larger, but it is too early to perfect returns. The output of this year, there is no question whatever, will be beyond all example. That it will exceed \$200,000,000 is a moderate estimate. The estimate of the gold production of 1894 is \$175,000,000. The South African gold yield will be found, it is closely calculated, to be \$41,000,000, the largest in the world, except the United States, which is about \$45,000,000—an increase of nearly \$5,000,000 in Colorado alone. The highest mark in gold production before the developments

of the last two years, was \$155,000,000, in 1853. The most startling statistical fact in this connection, is that the output of gold alone last year, was nearly as large as of gold and silver together in the years 1860 to 1865. They say in California that the face of the State has been merely scratched for gold.

"W. C. Ralston, Secretary of the California Miners' Association, writes in Paris to the European edition of *The New York Herald* :

"When capital is once more turned toward working those California gold mines on a legitimate basis, California will again occupy her position as a large gold producer. The auriferous gravel beds of California (when hydraulic mining can be resumed) will pour over \$10,000,000 into the mints of the United States annually, and this, added to the regular annual product, will increase the output to \$25,000,000 per year.'

"*The Paris Herald* says \$40,000,000 of French capital has gone to London within a few months for investment in South African gold mines. M. Siegfried, brother of the former Minister of Commerce in France, has been interviewed relative to the African mines, and he says the stories of these riches can be believed largely on account of the peculiar geological formation, which he thus describes:

"The gold does not appear in irregular quantities, and without reliable 'system,' as in the California mines, but is found in far reaching layers, more or less regular in formation and similar to beds of coal. Here I have a piece of the conglomerate, which contains the gold. It has been given to me in order to illustrate the lecture on

this subject which I am going to deliver before the Societe d'Economie Politique.'

"The piece of conglomerate was of a pretty pinkish color, faintly streaked here and there with a yellowish substance. The specimen was carefully packed in cotton wool.

"'You observe,' continued M. Siegfried, 'the conglomerate is surrounded with cotton wool. It is packed thus in order to preserve it, for, like some kinds of coal, it is not very hard and might easily get broken. That is, of course, an advantage, for it is easy to work and does not present the difficulties that the hardness of quartz creates. It must also be remarked that the gold, though it is not visible to you, as you look at the conglomerate, is always found in regular quantities. Wherever there is this conglomerate there is gold, and this conglomerate is in regular layers, like coal, and, therefore, the supply is regular and sure, like that of coal. One can therefore look upon these gold mines less as a speculation than an *affaire industrielle*, as reliable as a manufactory.'

"There is an increased output by the Russian gold mines. Wherever there is gold it is being more rapidly developed than ever before. The United States will get a great increase from California and Colorado, and a considerable increase elsewhere. The excitement in Europe about the gold supply, which is changing the face of the whole world of money, is rapidly increasing, and it will soon sweep over this country with vast consequences. The full meaning of it is that we are entering upon an era of a generation of prosperity, and that labor and capital will prosper together, and social agitations will be drowned out in the golden flood."—*Cincinnati Commercial Gazette*.

WHY SILVER HAS DECLINED.

Silver has declined:—

1. Because its production for the last four hundred years has been more than nineteen times as great as gold, while its consumption in the arts has not been proportionally as great. See the report of the Director of the Mint for 1893, pages 274-5; and as to the latter point, 269. This production has nearly quadrupled since 1870, the production in the years 1866-1870 being about 43,000,000 fine ounces, while the production of 1893 was 161,000,000 fine ounces.

2. Formerly a great part of the silver product was used in making solid silver plate for table use. Partly because of electroplating inventions, which dispense with the use of solid silver, and partly because of the smaller demand for silver plate, the quantity of silver so used has seriously diminished. In Mulhall's History of Prices, page 11, he says: "The decline of silver, which has fallen 20 per cent. since 1861, is not so much the result of its overproduction as of the diminished uses in manufacture, electroplate having in great measure superseded it. The official returns of silver stamped in Great Britain for plate and ornament show an annual average of 1,091,000 ounces in 1821-50, and only 700,000 ounces in the decade ending 1880." On pages 14-15 of the same book, Mulhall shows that India and China have absorbed 42,000 tons of silver in the twenty-three years preceding 1885, while the world had only produced in the same interval 44,000 tons. "Thus it appears," he says, "that India and China have taken since 1860 more than

the total product of the mines (reckoning out 3,000 tons for wear and tear), and if silver has become a drug, it is simply because its employment in manufacture is growing less, owing to the diminished use of silver plate."

3. The establishment and popularization of banks and the practice of depositing in them, has had a serious effect on the demand for silver, as currency. At present the people of the United States will only use about \$60,000,000 in silver dollars. Any surplus over that amount is paid into the banks, who likewise do not care to retain so bulky a material, and turn it over to the Government. If it were not for the banks the American people would, no doubt, use ten or even twenty times as much silver for their daily transactions. Something like this is the case in France, where, by reason of the peasantry keeping money in their houses, the money circulation per capita is double that of England. Probably the people of the civilized world require less silver as currency now than they have for many years.

It is these three causes that have operated to bring about the decline of silver. Its alleged demonetization by the leading financial nations, has had nothing to do with it, because the recent production of silver has been more than used in India, China, the United States, and other nations.

THE EVILS OF THE DECLINE OF SILVER.

A certain class of the students of the financial question, who strongly resemble those boys who are derisively called by their playmates "goody goodies," and whose

ruling passion is to please everybody and to harmonize everything by claiming that everybody is nearly right and only a little bit wrong, are bestirring themselves and loudly lamenting the alleged evils of the decline of silver. Prominent among these gentry is E. Benjamin Andrews, LL. D., the President of Brown University.

There are undoubtedly certain evils connected with the decline of silver. It is a personal evil of the first magnitude to those who happen to own silver mines. This evil is of more practical importance than all others, for it is the basis of the silver agitation. But there are several other evils which deserve greater consideration. One of these is the dislocation of exchange between gold standard and silver standard countries. The want of a constant relation between gold and silver has made all trade between gold and silver countries a matter of speculation, and has introduced new and perplexing elements of uncertainty into business in silver countries. This is particularly the case in India.

Still another evil is the actual reduction in wages which has been accomplished in all silver standard countries by the decline of silver. The wage worker in India, Mexico, and other countries on the silver basis, receive the same silver coin that they used to for their labor, but its purchasing power has rapidly declined, and without fully realizing it, they have actually, as compared with their brethren in gold standard countries, had their wages cut in two. To some extent this has been compensated by a general fall in prices of the necessities of life during the past four years, so that the suffering of the working classes in silver countries has been less conspicuous than

it would otherwise have been. The people who have made loudest complaint on this score, are Englishmen employed in India, and paid in silver. They find that their power of remittance home grows less every year.

These evils, though great, are but temporary, and are incident to any great and necessary change, precisely as they were unavoidable during the financial crisis of two hundred years ago, described by Macaulay and quoted elsewhere.

On the whole, the fall of silver is a great blessing, and it is hoped that it will continue to fall indefinitely. Silver can only be regarded by a disinterested man as a valuable commodity for the general public, the more of which it can obtain for a given amount of exertion the better. If a ton of pure silver could be earned by an ordinary day's labor, the world would get just so much more use and pleasure out of that metal.

Silver is used for innumerable arts and purposes. Its beauty, no less than its practical utility, makes it universally desired. It is to be hoped that it will become so cheap that silver plate can be used in the house of the working man instead of stoneware and china.

THE FUTURE OF SILVER.

The widest variations of opinion exist as to the probable future of silver.

The course pursued by the Western miners in hoarding their product in the last four years, indicates their opinion that silver will rise again; or if not, that the free coinage of silver is likely to take place in this country,

so that they will be enabled to pay their debts with it at an advantageous ratio. As has been stated above, Senator Teller and others frequently asserted, during the debates of 1893, that silver could not be mined at less than seventy cents an ounce. As a matter of fact, silver has been mined since then in increased quantities, with the price ranging around sixty cents. Some claiming to be conversant with the subject, say that it can be mined in great quantities for thirty cents an ounce; and still others claim that it will soon be as cheap as nickel or cheaper.

WHAT THE GOVERNMENT SHOULD DO WITH ITS SILVER.

Under the operation of the Bland-Allison and Sherman laws the Government has bought a total of nearly 460,000,000 ounces of silver at a cost of \$464,210,262.96. The present worth of this silver is about \$270,000,000, showing a net loss to the Government of nearly \$200,000,000, according to the actual market value of its bullion. Of this amount it has actual use for perhaps 100,000,000 ounces for silver dollars and fractional currency.

In view of the further decline in the value of silver, which is manifestly about to take place, the only prudent course this Government can pursue is simply to sell its bullion as soon as possible for gold. Probably its action in so doing would still further depress the price of silver, so that it would probably not get more than \$150,000,000 to \$180,000,000 for 360,000,000 ounces, which cost it upwards of \$360,000,000. The loss would be large, but it will be still larger if the Government continues to hold the coin.

Prince Bismarck pursued the policy of selling old German coin in 1876, when he sold 3,200 tons of it.

No business man would hesitate a moment in pursuing this course, and if the Government is operated on business principles, it will do so.

IN SILVER STANDARD COUNTRIES.

The free silver men claim in the most positive manner that if silver were allowed the privilege of free coinage at the ratio of 16 to 1, silver would instantly double in value, and that its market ratio would conform to its legal ratio; although silver refused to rise even three per cent. as compared with gold, thus closing the slight gap between the market ratio of the two metals, when Alexander Hamilton established their relative standard at 15 to 1 more than a hundred years ago. It is asserted that the country is now so much bigger and powerful, that the throwing open of its mints to free coinage would close a gap in the world's market value amounting to over fifty cents on the dollar.

To state such a claim is almost to confute it; and how it is that silver men can continue to assert such a monstrous proposition while countries with a much larger population, and area, than the United States—countries where the people, unaccustomed to the use of banks, secrete vastly greater amounts of currency than do our people, fail even to keep the price of silver steady—is one of those mysteries of the human mind which are extremely difficult to unravel.

China, Japan, Mexico and most of the South American

countries are on the silver basis, and India, with its immense population, was till lately; and yet the free coinage of silver in all those countries has no perceptible effect on its market value. In consequence of this, the mints of India have recently been closed to silver, though the country is not yet on a gold basis.

WAGES IN THE SILVER COUNTRIES.

There is no disputing the fact that both the nominal rate of wages and the purchasing power thereof, have had a large increase in the United States, England and other gold standard countries. Mr. Atkinson, in an article in the Forum for April, 1895, gave the sanction of his great authority to the statement that the average increase in the purchasing power of wages in this country was upwards of 80 per cent. since 1860; in fact, the tendency has been continuously upwards since 1834, the date of the actual establishment of the gold standard, and had probably gone on some time even before that.

In silver standard countries, however, while the laborer gets as much silver as ever in payment of his wages, this silver has suffered an enormous decline and he has really, therefore, had a great reduction in wages. It is mitigated to some extent by the fact that many of his expenses, such as breadstuffs, etc., have also fallen. Clothing, however, and much else that he requires, such as rent, tools, etc., cost him more days' work than formerly.

This state of affairs has produced considerable distress among Englishmen employed in India and paid in silver.

In general, the workingmen of silver countries are too ignorant to understand what has happened.

But the general movement of all over the world for the establishment of a gold standard, indicates that the lessons of events are not altogether lost.

The free coinage of silver is desired by some large employers of labor in this country, for the reason that they figure on paying the same number of dollars in a depreciated currency and getting double for their product—a state of things very profitable for the “producers.”

THE SILVER COMBINATION.

Whenever a rascally gang plans to make a raid on the public treasury, it invariably does so with the claim, no matter how hollow, that it is all done for the laboring man.

The clamor about “England” and “Wall Street,” by the silver bugs, is the old, but still seaworthy, device of the cry of “stop thief!” by the thief himself.

Wall Street, in whose banks millions of the surplus money of the country is deposited, is the greatest debtor in the country; and, while its interests, like those of all business men, are for a sound and stable currency, they are rather against than for a currency increasing in value; for this is conceded by all to be a severe impediment to business; and Wall Street thrives best when the country thrives. All this makes it absurd to suppose that the financial men of New York are particularly interested in gold, as such, or are in any dark and secret conspiracy to disturb business and increase their own debts by enhancing the value of the dollar.

At the same time, the united interest and the small numbers of the silver miners render their combination natural and easy.

It has been reported in the papers that the silver miners have raised \$500,000 to be used for their benefit in politics. And while this may not be accurate, it is sufficiently evident that large amounts of money have been spent in the silver propaganda during the past year. Mr. Harvey, author of "Coin's Financial School," could, if he would, give us very much more interesting information on this matter than any contained in his book.

Some Congressmen and politicians have every appearance of being directly in the pay of the silver ring. For instance, Senator Vest, of Missouri, voted, in February, 1893, favorably to the repeal of the Sherman Act. Later in the year, when the reasons for repeal had become a hundred times as strong, he filibustered against repeal with extraordinary energy. Lately, he gave out an interview claiming that Mr. Cleveland, in March, 1893, invited him and Mr. Bland to prepare the currency section of his inaugural, and that Mr. Cleveland had basely deceived the silver men, and had been guilty of treachery to his party. The fact that Mr. Vest will publicly make such wild statements as these, in the face of Mr. Cleveland's long and consistent record, as shown by the Warner letter of 1885, by his messages to Congress during his first term, and especially by his justly celebrated letter of February, 1891, shows either that the Senator is crazy, or that he does not care how much he injures himself with all decent and truth-loving people, provided only he can make a little mud stick on the President.

Political passions are of great strength and might account for this reckless prevarication, *except for Mr. Vest's inconsistent record*. It is absurd to suppose that the Senator is so passionately fanatical for free silver when he has lately shown otherwise by his vote. The only alternative apparent is that he has been bought and paid for, and is doing all he can to injure the greatest obstacle in the way of free silver, without regard to his own reputation.

When the silver bugs talk so loudly of patriotism and of their awful hatred of England, it reminds one of the definition in Johnson's Dictionary: "*Patriotism is the last refuge of the scoundrel.*"

CORNERING SILVER.

SILVER POOL NOW CARRYING FIFTY MILLION OUNCES.

THE LOAD GETTING HEAVIER.—IN TWO YEARS THE POOL WILL HAVE 200,000,000 OUNCES OF DEPRECIATING METAL, TO UNLOAD.—DEPENDING ON CONGRESS TO 16 TO 1 FREE SILVER IT ON THE COUNTRY.—REAL INSIDE OF THE FREE SILVER MOVEMENT AND THE SORDID MOTIVES OF ITS BACKERS.

An evening paper prints this report about the silver pool:

"Washington, D. C., June 15.—Now that attention has been directed to the business motive behind the silver agitation, additional facts are being brought to light every day, and people are wondering how they could have been so dumb and blind not to have discovered what was really behind the movement. Since the pur-

chase of silver by the Government stopped two years ago, the production of that metal in the United States has approximated \$115,000,000. The Director of the Mint is authority for the statement that there has been no important increase in the amount of silver put into manufactured articles, hard times having cut down the trade. The net exports of the fiscal year 1894 were \$24,000,000, and the net exports of the fiscal year 1894-5 will approximate \$35,000,000. Possibly \$10,000,000 has gone into manufactures and arts, which would leave a surplus in bullion at the end of the present month on the record of the last two years of about \$50,000,000, as stated in these dispatches yesterday. The substantial correctness of these figures has not been disputed, but it is just as well to fortify them from such official information as can be obtained.

"There is therefore no doubt that the amount being carried by the combination is substantially as given, and the amount is being increased at the rate of between \$2,500,000 and \$3,000,000 a month. The price of silver is cheap, or at least it would be considered cheap under ordinary circumstances, but the situation with the silver market at the present time is similar in many respects to the wheat market during the last four or five years. There was a long season of over-production, the result of which was that the trade had to carry a colossal surplus through a back-breaking period until consumption could overtake production. The lowest prices of a hundred years followed; all the way down from a dollar investors stepped in and helped carry the surplus because the price looked very low. Probably \$100,000,000 would not pay

the losses to bulls in wheat during the last four years, that amount having been sunk carrying property for which there was no market.

"So with silver. The price looks very low, and the capitalists and producers who are putting their money into it fully believe that it will go no lower, and that when the metal receives the 'recognition,' which by some process of mind they figure it is entitled to, at the hands of the Government, they expect to realize enormously on their investments. When the combination went into the deal it is doubtful if many of the members thought it would grow to the size it has already. From present appearances it would look as though they were hardly fairly embarked in the new enterprise. Two years have elapsed and the combination finds itself under \$55,000,000 worth of silver bullion. The earliest they can expect relief is two years, and by that time they will be carrying over \$200,000,000 of the metal; that is, they will be carrying it if they can last that long.

" 'Cornering' silver is a good deal like 'cornering' wheat, except that in the case of wheat it is always fairly safe to calculate on certain ascertained facts with regard to consumption whereas in silver the element of speculation of a most hazardous type must be considered. In this case it will be necessary for the combination to secure favorable legislation at the hands of Congress to help them out. This is a most uncertain quantity, yet without such assistance the crowd will have left upon its hands, twenty-four months from now, over \$100,000,000 worth of property, for which there will be no active demand in this country. In their sober, thoughtful moments the

men in the background of this deal, who are putting up their millions of dollars, must realize that they have engaged in an extra hazardous undertaking, and one that will require sustained effort, remarkably able generalship, and rare good fortune to bring to a successful outcome.

"The discovery of the full facts relating to this silver conspiracy will not tend to add to the popularity of the free coinage crusade. The masses may decline to stay enthused over a question which involves primarily the fortunes of a handful of rich mine-owners and speculators merely. The glamour which now surrounds the hurrah discussion may evaporate when it becomes generally understood that the motives which are inspiring the silver agitation are quite as sordid as those controlling Wall street, which, according to popular belief, is the head center of the machinations of a terrifying gold conspiracy of some sort, the horrifying details of which are vaguely hinted at by such orators as Bryan and Peffer and Tillman. These disclosures will go far to show that, when it is figured down to a fine point, a crowd of silver millionaires is in reality no better than a crowd of gold millionaires." —*Chicago Tribune*, June 16, 1895.

HONEST CONFESSION GOOD FOR THE SOUL.

On June 28, 1895, *The Durango (Col.) Democrat* threw up the sponge and confessed that the silver cause was nothing but a debt-scaling scheme, and that it would be ruinous to the credit of Colorado to continue its advocacy; and that "*The Democrat* is ashamed of itself for having lent its influence so long" to the silver cause. "Con-

science revolts," says the editor, "as decency long ago revolted, against carrying on this fraud any longer."

The editor's patrons appear to have taken this deliverance very quietly; probably because they felt the truth of the confession. Ex-Senator Saunders, of Montana, has recently expressed himself in about the same manner.

SOUND MONEY THE CHEAPEST MONEY.

It is astonishing how many notorious facts a man can overlook, or, as Wendell Phillips said, "remember to forget," when he is seized with the silver craze.

If there is any one thing the silver men agree in saying they want, it is cheaper money; and they talk about the "rise of gold," "the crime of '73," and the "bankers' conspiracy," etc., and claim that money is being or is to be "cornered," so that everybody is now or will be "squeezed." While current rates of interest are half what they used to be, one would suppose from this talk that they had doubled.

The plain, universal, never-failing fact is, that the only money that can be borrowed cheaply is good money, and the better money it is the more cheaply it can be borrowed. There is nothing strange about this. Any one can see how he would feel about it if he were a lender himself. The only time he would feel like lending at a low rate would be when he is sure of getting back as good as he gives.

During 1894 the rate of discount at the Bank of England remained unchanged at two per cent. In our country, owing not at all to the scarcity of money (for the

banks have all been full), the lowest time rate has, I think, been five per cent. The only reason for this is the silver agitation.

If our currency were as undoubted in quality as England's, European money would be deposited for investment and loans in New York and Chicago instead of London; for the opportunities of profitable use here far exceed those in London. If this were the case not only would money be cheaper but all sorts of enterprise would flourish.

It is natural, but nevertheless a mistake, for a man who wants either the collateral or the credit to borrow, to think that it is all due to the scarcity of money and that it would be all fixed if dollars were more plenty or cheaper; and there is no convincing him to the contrary.

But those who, like the writer hereof, are borrowers and expect to be in the future, are interested above all other public issues in having the currency question speedily settled; and settled not in a way opening the door to fresh distrust, but in such a way that all the world may know that having been on a gold basis since Andrew Jackson's day (except during the greenback era), we propose to remain on that basis and to repay all our obligations in the same coin, the only coin in which international finance has been transacted for many years. When we do this and cease to talk about international or any other kind of bimetallism or other utopian financial schemes we shall have money at two per cent., because we shall have the only genuine cheap money—*the only money that the borrower does not pay for the creditor's doubt in—the best money.*

FIVE UNANSWERABLE PROPOSITIONS.

Secretary Carlisle laid down these five propositions at the Memphis Sound Money Convention, and challenged the world to contradict them:

"FIRST—There is not a free coinage country in the world to-day that is not on a silver basis.

"SECOND—There is not a gold standard country in the world to-day that does not use silver as money along with gold.

"THIRD—There is not a silver standard country in the world to-day that uses any gold as money along with silver.

"FOURTH—There is not a silver standard country in the world to-day that has more than one-third as much money in circulation per capita as the United States have; and,

"FIFTH—There is not a silver standard country in the world to-day where the laboring man receives as fair pay for his day's work."

IF, as claimed, free coinage can double the value of all the silver now existing, or all that may be produced hereafter, why can't it do better still? Instead of fixing the ratio 16 to 1, why not make it 3 to 1? Or, if gold and silver are to have "equal rights," why not make the ratios equal—an ounce of silver as good as an ounce of gold?

The silver men have been too modest.

THE FALL OF PRICES is often claimed to have been one of the calamitous results of the "demonetization of silver." As a matter of fact, a fall in prices has been going on ever since industrial improvements began; and, instead of being a calamity, it is the parent of all other social blessings—it is the chief cause of the difference between civilization and barbarism.

Schouler (History of the United States, Vol. IV, p. 60) says: "Cotton cloth, which sold in 1817 at 29 cents, and in 1819 at 21 cents, by the yard, might now (1831) be bought for 9 or 11 cents; brown sugar, which averaged 14 cents a pound from 1792 to 1820, had ruled at 8 cents for these last ten years; window glass had come down in price two-thirds; flour, one-half."

If silver is to be full legal tender at 16 to 1, why not make everything else legal tender in appropriate amounts? Then we would have a legal tender table by which everybody, and not merely silver bugs, would be rich. It would read about like this:

Gold	1.
Silver.....	16.
Copper.....	50.
Pig iron	\$30 per ton.
Wheat.....	\$2 per bushel.
Corn.....	\$1 per bushel.
Lawyer's services.....	\$10 per hour.
Doctor's services.....	\$20 per visit.

"COIN" and other silverites are constantly talking about "the destruction of half the world's money" by the "demonetization" of silver. Would anybody be able to guess from this that the world's silver money has very largely increased since 1873, and that absolutely none, except a comparatively small amount in Germany, has been retired from circulation? Poor old Ananias would have to take a seat on the rear bench of the synagogue if he came to life again. Our modern liars surpass the ancient as the railway surpasses the patient ass. Great is modern invention.

A LITTLE building and loan association in Toledo, of which the writer is a member, has for a year had on hand \$100,000 more than it could lend, and has had, in consequence, to reduce the rate of dividend. A suggestive commentary on the claim that more money is the one thing needful, and that the Rothschilds are cornering the money of the world!!

A NUGGET FROM NASBY.

[The late D. R. Locke, of whom Mr. Lincoln said, "If I could only write such letters as Nasby, I would be willing to resign the Presidency," touched the currency question with the same insight, humor and genius he showed in so many other ways. At the time of the passage of the Bland-Allison Act of 1878, he wrote a series of letters, which are still well remembered, so soulfully did he depict the wants of the cheap money men. We quote the ending of one of his letters.]

To give us the relief we want, either the Government hez got to supply us silver, or let me carry out my pro-

jeck uv munissippal bankin. Either will do. But to leave it where it is, is holler mockery; it's givin us a stun when we asked for bread. It's givin us hope of suthin when the realizashun uv it is ez fur from us as ever. Wat good ez it to make to me silver legle tender, onless you pervide me with silver to tender? I aint got no silver, and can't see how I am to git any. I want either a car load uv silver distriibbitid in the Corners, or I want onlimitid munissippal bankin. One or the other is necessary to meet the wants uv men like myself, for which all finanshel projecks are made. Men who hev the faculty of workin and to whom likker at stated and rapid intervals aint a necessity, manage to git along without finanseerin. Ef they are goin to finanseer for me, I want em to do suthin practice.

PETROLEUM V. NASBY,
Finanseer.

IGNORANCE OF THE FINANCIAL QUESTION.

Many laughable instances of great ignorance of the financial question are continually coming to light. An Ohio newspaper contends that the ratio of 16 to 1 means that there must be sixteen times as much gold in circulation as silver. Several other newspapers have recently been quoted as expressing about the same amount of information and intelligence.

It is surprising, however, that a writer of the financial standing of Henry Clews, of New York, should exhibit the most flagrant misinformation on the same subject. In one of his financial letters, published by a syndicate

of newspapers, in July, 1895, Mr. Clews argues that silver has fallen because of the cessation of silver coinage since 1873, although far more silver has been coined since 1873 than has been produced.

Later in the same article, Mr. Clews advocates the repeal of the Bland Act, apparently thinking that the Bland-Allison Act of 1878 is still in force. "By repeal," he says, "we should add \$25,000,000 to our yearly exports instead of locking up so much of our National product in the National treasury."

Since the repeal of the Sherman Act, the Government has not locked up \$25,000,000 worth of silver per annum, or any other sum. It is astounding that Mr. Clews should shoot so wide of the mark.

FOREIGN INVESTMENTS.

We have hardly scratched the surface of the natural wealth of the United States. Active as industry has been in the country, the traveler, even in the older states, must see what great natural wealth lies undeveloped, waiting for adequate capital and labor; but far more is this true of the Western States. Take for example, Missouri or Colorado. Probably there is as much natural wealth in each of these states as in England. What they need is more men and money to get at it. So with California and Washington. The wealth of these states is such as to amaze anyone who investigates it; but that wealth will not be rapidly or adequately developed, except by the aid of large immigration and immense amounts of capital, nor unless their

credit is good; for credit is the mother alike of immigration and of capital. Without credit, they will be as Peru or Bolivia.

How calamitous, then, has been that withdrawal of European confidence from the United States, which has been going on for many years, owing to our constant agitation of free silver, or some other form of cheap money. The tables of the exports and imports of gold and silver from 1873 to 1894, inclusive, show that the United States has exported over \$1,766,000,000 of the precious metals more than it has imported, a large share of which was in return for American securities shipped back.

Europeans, instead of aiding us to develop our wealth, have been steadily withdrawing from the American market for many years.

Instead, therefore, of receiving \$5,000,000,000 to \$10,000,000,000 of European money, as we might easily have done, for the building up of those parts of the United States most in need of it, the Europeans have drawn out probably \$1,500,000,000 worth of what they formerly had here.

Had the contrary state of affairs existed, Europeans would doubtless, on the average, have made considerable money by their investments here, but the Americans would have been directly or indirectly benefited to a far larger extent. Both would have gained, and, as it is, both have lost.

PRICES OF FARM AND MANUFACTURED PRODUCTS.

The following table was first printed in the "Congressional Record," as a part of the speech of Hon. Joseph H. Walker of Massachusetts. It has since been quoted by Congressman Catchings and others. It shows that it took less wheat, corn or oats to pay for a plow, cultivator, mower or other farm implement, in 1889 than in 1873. Though the farmer got less gold for his grains in 1889 than in 1873, yet this gold would purchase more farm implements than would the greater amount of gold which he got in 1873. It is, then, probably true that the prices of what the farmer has to buy have fallen more since 1873 than the prices of what he has to sell. It is not competition with silver countries that is responsible for lower prices, because silver countries do not compete with us in farm implements and other manufactured products.

Prices agreed upon by Messrs. Kingsland & Douglas, successors of Kingsland, Ferguson & Co., Simmons Hardware Co., and Mansur & Tibbetts Implement Co., all of St. Louis, Mo.

IMPLEMENTS.	MONEY IN--		1889, IN BUSH. OF--			1873, IN BUSH. OF--		
	1889	1873	Wh't.	Corn.	Oats.	Wh't.	Corn.	Oats.
One-horse steel plow, wood beam.....	\$ 2 75	\$ 6 50	3.8	8.5	11.5	6.4	19.1	27.0
Two-horse steel plow, wood beam.....	12 00	20 00	16.4	37.5	50.0	19.6	58.8	83.3
One-horse iron plow, wood beam.....	2 00	5 00	2.7	6.2	8.3	4.9	14.7	20.8
Two-horse iron plow, wood beam.....	8 00	13 00	10.9	25.0	33.3	12.7	38.2	54.1
Two-horse side hill or reversible plow.....	10 00	18 00	13.7	31.2	41.7	17.6	52.9	75.0
One potato digger.....	7 50	20 00	10.2	23.4	31.2	19.6	58.8	83.3
Old fashioned tooth harrow.....	6 50	15 00	8.9	20.3	27.0	14.7	44.1	62.5
One-horse cultivator.....	3 50	7 00	4.7	10.9	14.5	6.8	20.5	29.1
Two " corn cultivator	15 00	28 00	20.5	46.8	62.5	27.4	82.4	116.6
One-horse mower.....	45 00	85 00	61.6	140.6	187.5	83.3	250.0	354.1
Two-horse mower.....	50 00	90 00	68.5	156.2	208.3	88.2	264.7	375.0
Horse rake (sulky).....	20 00	30 00	27.4	62.5	83.3	29.4	88.2	125.0
Common hunt rake (horse).....	3 50	6 50	4.8	19.9	14.5	6.3	19.1	27.0
Com. iron garden rake (10-tooth steel), doz....	3 75	12 00	5.1	11.7	15.6	11.7	35.2	50.0
One-horse horse power.	25 00	45 00	34.2	78.1	104.1	44.1	132.3	187.5
Two " " " "	35 00	65 00	"	"	"	"	"	"
Reaper.....	75 00	95 00	"	"	"	"	"	"
Binder.....	135 00	"	184.9	421.8	562.5	277.7*	769.2*	857.1*
Corn-sheller, one hole..	6 00	11 50	8.2	18.7	25.0	11.2	33.8	47.9
Fanning mill.....	15 00	25 00	20.5	46.8	62.5	24.5	73.5	104.1
Com. hoes, cast steel socket, per doz.....	3 50	6 50	4.7	10.9	14.5	6.3	19.1	27.0
Common rakes, wood, per doz.....	2 00	3 00	2.4	6.2	8.3	2.9	8.8	12.5
Scythes, Ames' grass, per doz.....	7 50	16 00	10.2	23.4	31.2	15.7	47.0	66.6
Scythes, Ames' grass, per doz.....	9 50	21 00	"	"	"	"	"	"
Scythe snaths, patent, per doz.....	4 50	11 00	6.1	14.0	18.7	10.8	32.3	45.8
Shovel, Ames', doz.....	9 50	18 00	13.0	29.6	39.5	17.6	52.9	75.0
Spades, Ames', doz.....	10 00	18 50	13.7	31.2	41.6	18.1	54.4	77.0
Crowbars, steel.....	06	"	"	"	"	"	"	"
Crowbars, iron.....	05	10	.06	.15	.02	.09	.29	.46

* For 1880.

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FARM VALUES IN CENTRAL STATES.

Many farms in States like Ohio, Indiana and Michigan have fallen 40 per cent. in market value since 1880. This has been a source of some strength to the argument of the cheap money men.

The real reason of the fall is this: Since 1880 the railroad mileage of the United States has more than doubled, vast areas of the finest soil have been opened up at nominal values, and Ohio farms at \$100 per acre have had to compete with better soil in Dakota at \$1.25 per acre, and with far more scientific and cheap methods of production. In consequence the Ohio farm has suffered. Vast areas in Asia, India and South America have also been opened up, and what may be called the monopoly element of value in Ohio farms has largely disappeared.

Vast wheat areas in Siberia will be opened by the Siberian railroad. Our farmers will have to meet this competition in wheat and had probably better turn their attention to other crops.

Most of the good virgin soil of the United States has now been taken up, and the Eastern farmer will probably never feel any other competition so severely.

BIMETALLISM VS. TRIMETALLISM.

Bimetallism may be defined as a monetary system which allows a debtor to pay in either one of two metals, whichever happens to be cheaper at the time of payment.

If this is a good thing it is hard to see why trimetallism—the free coinage of gold, silver and copper—is not still better. So at least some of the copper men seem to think, and they are beginning to make themselves heard.

A COPPER MAN'S IDEAS.

[The copper men are waking up. If free silver, they say, why not free copper?]

"The free silver movement is all right as far as it goes, but it does not go far enough. There isn't enough gold and silver in the world for money. All the gold and silver mined would not buy the State of Michigan. *There is not enough of it to represent values.* You could put it all in a moderate-sized house.

"Copper is as old a kind of money as any other. It has been used from prehistoric times. If silver was demone-tized by money-lending sharks, so was copper, though it was done a little further back and covered up a little better, perhaps.

"Copper is especially entitled to the support of the poor man. Often he is left severely alone by gold and silver—the haughty sisters of beautiful Cinderella—but copper deserts him only in the last extremity. If copper stands by the poor man, why shouldn't he stand by copper?

"With the free coinage of copper at the ratio of 32 to 1, the value of copper would have an unheard-of boom, and Michigan would be as rich as the rest of the United States put together. Everybody would pay off his debts easily and enterprise would be stimulated by the relief of the people from financial oppression.

"The copper producers are sleeping on their rights. When will they organize for the protection of their interests? Get together, gentlemen!"—*Utopia (Mich.) Herald.*

THE FREE GRINDAGE OF WHEAT.

There's a simpler way of enriching the farmer than by free coinage of silver. The trouble with the silver method is its uncertainty. Making fifty cents worth of silver worth a dollar by putting the Government stamp on it may double the price of wheat and it may not. The accent is on the may not.

Instead of free coinage let us have free grindage. We can then do the farmer some good. For instance, make milling a Governmental monopoly. Let nobody make flour but Uncle Sam. Let the farmer bring in his wheat and have it made into flour free of charge. Arbitrarily fix the price of flour that can be made from fifty cents worth of wheat at one dollar. Then the farmer can walk into the Government mill with fifty cents worth of wheat and walk out again with a dollar in flour or money. That would make it a sure thing for the farmer.

According to the free coinage theory the mine owner should walk into the mint with fifty cents worth of silver and walk out with a dollar. Immediately after the passage of such a law the mine owners' wealth is doubled. The Government gives him that bonus and the free coinage men say that will be a good thing for the farmer.

We think the farmer will like our plan better. Its operation is more direct. If the Government will prohibit anybody else from grinding wheat and will make the price one dollar for the product of fifty cents worth of wheat, then the farmer, not the mine owner, will be enriched, and there are more farmers than mine owners.

So our advice to the farmer would be quit the free coinage racket and shout for free grindage.

It will be understood, of course, that the man who eats bread will get about 100 per cent. the worst of it under free grindage, but so will he under free coinage without international agreement. Hence our scheme is as consistent as the other. By all means give us free grindage. Let's maintain the parity between gold and wheat by going to monowheatism.—*Toledo Evening Bee*, April 26, 1895.

THE PERILOUS POSITION OF THE BANKS, AND THEIR REMEDY.

In the banks of the country, National and State, are about five billions of dollars on deposit. Nearly all of this vast sum of money is subject to the call of the depositors, some only of the savings banks reserving the privilege, if they desire, of requiring 60 days' notice of the withdrawal of funds.

One would suppose, from the way the banks are talked about, that they were only creditors and never debtors. But, in reality, they are by far the greatest debtors in the country; and, among all debtors they occupy the most delicate position, because they alone are obliged to pay on demand, whenever that may occur, or close their doors.

The total deposits held by the banks are about three times the amount of actual money in the country, and about five times the amount held by the banks. This result is reached by loaning and reloaning funds on de-

posit—the same actual money being credited to several names at once. Again a bank may send funds to another bank for deposit and receive credit, the latter bank the same money to a third, and so on. Banks do this in order to have accounts in different cities upon which they may draw without the expense of shipping currency by express. This system saves the customers of banks vast sums of money in the aggregate by making it cost them nothing to obtain these drafts on other cities, where they have to make payments.

Accordingly if the depositors of banks all over the Union should become apprehensive that unless they drew out their money at once they would be paid in an inferior and depreciated currency, and should make a simultaneous rush on the banks, these institutions would all topple over like so many ten-pins struck by a well directed ball.

This is precisely the process begun in 1893. The banks, paralyzed by fright, refused to honor each others' drafts, no matter how much the drawer had on deposit, and hung on to the currency they had in their vaults as a drowning man clings to a straw. A New York bank which had a large credit with a Pennsylvania bank, telegraphed the latter to send them some money by express at once. The latter answered with more force than politeness, bidding the New York bank "Go to h—l." All sorts of devices were resorted to by the banks to avoid payment themselves and to get money from other banks. In New York if a depositor asked for currency he was asked what he wanted it for; and whenever possible the bank refused payment. If the depositor insisted,

and the bank had no legal ground of any kind (as a debt owed themselves) for resisting, they made it unpleasant for him by telling him to take all his money, to get out and stay out, thus obliging him to keep his money at his lodgings, or in a safe deposit vault.

It is easy to see that if this process were carried on a little further the banks would all be smashed. Not only this, but the money drawn out would instantly be presented to the Government for redemption at the Sub-Treasury, and in a few days the Government would have to suspend gold payments.

Thus we see how extremely shallow is the populist view of the banks. The populist view of a bank is that it is a big rich concern, a sort of exaggerated Shylock or financial octopus, which possesses the unspeakable meanness to want people to repay it money loaned, with interest.

Under these circumstances, if free coinage is to come, the banks have but one resource. Since they will have to pay in gold, or what can be turned into gold, so long as the Government is solvent, they are warranted in putting a *gold clause* into all notes hereafter made or renewed in their favor.

In doing this they but follow the prudent example set by Senator Stewart, of Nevada, whose mortgage loans contain a promise to pay in gold coin of the present standard of weight and fineness, and by one of the few men in the country justly comparable to that great man in mental and moral qualities, Gov. Altgeld, of Illinois. The Governor, who is a large owner of Chicago real estate, puts a gold clause into his leases. In private business the Governor shows considerable sense. It is a

pity that he does not occasionally show a little in his public acts.

There are to-day gold-payment obligations outstanding in this country to an amount probably exceeding ten billions of money. The railroad indebtedness (about \$5,570,000,000) and the municipal debt (\$724,463,000 in 1890) are substantially all gold obligations. A large proportion of the mortgage indebtedness on real estate (over \$12,000,000,000 in 1890) is likewise payable in gold.

There is due National, private and State banks about five billions for money loaned by them. If, as will be the case in the event of free silver, the banks pay off their depositors in gold (so long as they have it to pay with) and are themselves paid as soon as possible in silver dollars, worth half as much, it is easy to see that the bankers will no longer be comparable, even in the populist mind, to octopi or shylocks.

To protect themselves, therefore, the banks ought to make sure that in any event their loans will be repaid in gold or its market equivalent. It is reported that the banks of several cities in the far West have already taken this course.

There is no doubt as to the legal force of contracts requiring payment in gold. Such contracts have been enforced by a large number of State courts and by the Supreme Court of the United States, in the case of *Bronson vs. Rodes*, 7 Wall., 229, wherein Chief Justice Chase declared that "It is the appropriate function of the courts to enforce contracts according to the lawful understanding of the parties." The Supreme Court has followed the doctrine of *Bronson vs. Rodes* in several later cases.

If any State or if Congress undertook to nullify such contracts its legislation would "impair the obligation of contracts" and be held unconstitutional and void.

If the banks took the action suggested it would probably raise a good deal of a howl, but parties feeling aggrieved would have the privilege of paying up. There is no real reason why any one should object to a gold clause note. He receives gold, or its equivalent, and should be willing to pay as good as he gets.

Such action would probably have a decisive effect on the currency agitation; for the army of debtors of banks would instantly take up cudgels in behalf of the present standard, wherein they would have to pay in any event.

RAILWAY MEN AND THE SILVER QUESTION.

No class of business, with the possible exception of the banking business, has such a life and death interest in the currency question as the railroad men, both employers and employes; for on this question the interests of both are one.

The railroad debts of the country, amounting to nearly six billions of dollars, are practically all payable in gold, and no matter what kind of currency the country has, these payments will have to be met as agreed, or the railways will go into bankruptcy.

On the other hand it is extremely difficult for railways to advance their rates. Their passenger rates are fixed by law and no matter how cheap the cent becomes, they are limited to two or three cents a mile in different States of the Union.

The difficulties in the way of raising freight rates to

any great extent, are regarded by railway managers as insuperable. One manager informs me that he feels positive that it will be utterly impracticable to raise freight rates, even if the country went to a silver standard.

Consequently it is clear, that while the fixed charges of the railways would remain where they are now, the receipts would be almost cut in two, and indeed in the period of panic which would accompany the process of going to a silver standard, the railroad earnings of the country would sink to a still lower point.

There is not a single railroad company in the country, so far as I know, that can stand this and live. The companies would all go into the hands of receivers, as so many of them did during the panic of 1893, which was simply a foretaste of a genuine free silver panic. Train service would have to be cut down to a very low point. The bond-holders would lose heavily in spite of the gold clause in their bonds, and last but not least, hundreds of thousands of railroad men would be thrown out of employment and the rest would suffer a great reduction in wages, if not in their nominal amount yet in actual value.

It would be the idlest kind of a delusion for employes to strike, or in any other way try to maintain their rate of wages. Inasmuch as there would not be receipts enough to pay with, they could not possibly hope to be well paid.

The same remark would manifestly apply to the vast number of persons employed in the service of the Federal, State, county and municipal governments. All these have their rate of pay fixed by law, and upon them the blow of a depreciated currency would fall with unmitigated force.

POPULAR WEAKNESS OF THE SILVER CAUSE.

The following dispatch in the daily papers of June 26, 1895, tells its own story:

"Grand Rapids, Mich., June 25.—The convention called by populists to organize an independent silver party in Michigan proved a fizzle. After waiting till some time past the hour of meeting and the delegates reported at hotels having failed to materialize at the convention hall, the convention was declared off."

Wherever the silver agitation is left to the spontaneous action of the people, the above is a fair sample of the result. A good deal of money has to be spent even to assemble a crowd in a big city.

When the matter comes to a vote, as in Ohio, in 1894, the uprising of the people in favor of silver lands the silverites in a minority that is simply magnificent in its dimensions. Under the lead of "free silver" and Mr. Thurman ("the grandest Roman candle of them all") the democrats lost Ohio by 137,000.

FANCY CURRENCY SCHEMES.

Almost daily, during the past year, some new scheme has been brought forward for relieving the Government and settling the currency question. The most conspicuous of these have been the Carlisle bill and the Springer substitute, which were defeated in the House of Representatives. All, or nearly all, of these schemes involved some form of new currency, and some way of inflating it, as a sop to the cheap money men. The underlying

idea has been, in all these schemes, that we need more currency. If we look at the actual state of the money market to-day, we will discover that what we need is not more currency, but less. If the volume of United States currency outstanding to-day were diminished about \$500,000,000, by the destruction of that amount of our money, viz: the greenbacks and Sherman Act notes, money would to-day be more plentiful for all practical purposes, and rates of interest, at least on long time paper, would be less than they are now. By the withdrawal of that much currency, and the confidence merited by the undoubted quality of the balance, our monetary situation would be about the same, so far as volume is concerned, as England's, and we would have no more of a money stringency here than they have there. It is the presence of cheap and redundant money in our circulation that causes the hoarding of gold, the indisposition to lend and the timidity of investors.

With the revival of confidence and business, now so manifest, the vast amounts of money lying idle in the banks, in all parts of the country, bids fair to greatly diminish. But, so long as the least doubt is felt of the willingness and ability of the Government to maintain the gold basis, the \$650,000,000 of gold in our currency will practically all be hoarded by the banks and large capitalists, and will be unavailable for actual circulation.

What we need is to forget all we know about legal tender, and go back to the principle of natural money. When we do this, and do not try to have artificial dollars, or to confer artificial values by law, but only to recognize as money what the people would recognize as such

without any law, we shall be on safe ground; and not till then will business be unhampered by the never absent fear of virtual repudiation.

WHAT IS BIMETALLISM?

I have never met two bimetallists who agreed as to what bimetallism really is. Some say that bimetallism is consistent with a limited coinage of silver, its use as token money, or change, precisely as copper is used. In this view, as nearly half the currency of the United States consists of silver, or paper representing it, we are now on a bimetallic basis. There is no great objection to this kind of bimetallism, provided the coinage of the cheaper metal is so limited in amount as not to occasion fear that it will become the sole actual standard of value by the hoarding or export of the more valuable coin.

But the generally accepted idea of bimetallism is a monetary system where gold and silver have each free and unlimited coinage at a fixed legal ratio. It is in this sense that the word is used in this pamphlet.

A promise to pay, on this theory, is really to pay so many ounces of gold, or so many of silver, *whichever happens to be cheaper at the time of payment*. If grain men did business on the same principle, their contracts would read about like this:

"During August I will deliver to you
 { 10,000 bushels of wheat, or
 (at my option)
 { 10,000 bushels of corn } for 60 cents a bushel."

How a grain man, or any business man, would stare,

if one proposed to do business with him on this plan ! But no system of economics is so silly that it cannot find defenders, especially when financial interests are involved.

It is highly entertaining to hear two men eloquently portray the beauties of bimetallism, and yet each one claim vehemently that the other has not the most rudimentary idea of what it is.

HARCOURT OPPOSES BIMETALLISM.

London papers bring the full text of the letter written May 27 last, by Sir William Vernon Harcourt, Chancellor of the British Exchequer, in reply to the memorial sent to him a week or two previously by a large number of bankers and financial houses. Sir William states that his predecessor in office, Mr. Goschen, assented to an inquiry as to the possibility of an enlarged use of silver in the currency of nations, but distinctly declined to accept the invitation couched in terms which involved the adoption of a bimetallic system. When the conference met at Brussels the bimetallic proposals brought forward by the delegates from the United States were not pressed to a division owing to their unfavorable reception, and none of the Governments concerned expressed a desire for the reassembling of the conference six months later. Sir William expresses his entire concurrence in the opinion stated by the memorialists—"that the experience of well-nigh a century has proved that our present system of currency is suited to the wants of this great commercial country (Great Britain and Ireland), and that to depart from it would be disastrous to the trade and credit

of the United Kingdom." He says continuity of National policy is more necessary in this than perhaps any other question, and the Government "will give no countenance to any change in the fundamental principles of our monetary system" or admit any doubt as to its intention to adhere to the single gold standard.

This is a pretty clear expression of views on behalf of the present British Government. It leaves no room to expect that this administration will give any countenance to the scheme for a bimetallic basis of currency values, though it may not be indisposed to entertain propositions for an increased use of silver as subsidiary money to be held up to par with gold by being made redeemable in gold. The memorial to which it is a reply stated that "any serious attempt to modify the present system would be followed by consequences dangerous to the trade and commerce of the country." The signatures comprised the names of twenty-one private banks and leading financial houses, while the joint stock banks were represented by four directors of the National Provincial, three of the London and County, three of the London and Westminster, six of the Union Bank of London, three of Lloyds Bank, three of Parrs and the Alliance, three of Prescott Dinsdale, three of the Union Discount Company, and one name for each of three discount houses.—*Chicago Tribune*.

BIMETALLISM IN HISTORY.

It is a singular fact, in view of the devotion to bimetalism professed by so many politicians and writers, that although theoretically bimetalism existed in most, if

not all, of the nations of Europe until the adoption by England of the gold standard in the early part of this century, it has never existed as a matter of history. The use of gold and silver as legal money was not adopted in pursuance of any theory, but simply because the people had themselves used both gold and silver, as in previous ages they had used bronze, copper, skins, wampum, lead, tin, iron, and numerous other materials; the popular use preceding the legal use. Jevons ("Money and the Mechanism of Exchange") says, "that the first conscious selection of the double standard system was made during the French revolution." Previous to this, however, various Governments, including the American colonies, had frequently attempted to regulate the ratio of gold and silver, without success. Either one metal or the other was made a little cheaper at the legal ratio and in purchasing people always paid with the cheaper metal, so that the more valuable one immediately disappeared from circulation. It has been the same with money as it would be with a measure of length. If the law allowed a man who sold a yard of cloth, to give 36 or 35 inches, as he might prefer, he would be pretty sure to give 35 inches. In the same way, when allowed by law to pay in either gold or silver, at a certain legal ratio, people universally paid in the cheaper money.

The compensatory action, which according to bimetallic theory, the greater use of one metal, ought to have brought into place, has never been able to overcome the difference in their intrinsic or market values. It may be stated in the most positive manner, that theoretical bimetallicism, as now exploited, has never actually existed in any country for any length of time.

In England the gold basis existed for one hundred years, as a matter of fact, before it came to be such in law.

In chapter nine of "Money and Mechanism of Exchange," Jevons says: "In the early part of the last century, a great deal of discussion took place upon the unsatisfactory state of the silver currency, and Sir Isaac Newton, the master of the mint, was requested to report upon the best measures to be adopted. In 1717 he made a celebrated report, recommending that the Government should revert to the practice of fixing the price of the guinea, and he suggested twenty-one shillings as the best rate. This advice being accepted, the guinea has ever since been valued at twenty-one shillings. Thus there was again a double standard in England, any one being at liberty to pay in either kind of coin. In practice, however, it is almost impossible that the commercial value of the metals should coincide with the legal ratio. At the rate adopted by Sir Isaac Newton, gold was over-valued by rather more than one and one-half per cent.; to that extent it was more valuable as currency than as metal. Therefore, in accordance with the law of Gresham, and the principles laid down in Chapter VIII, the full weight silver coin was withdrawn or exported and gold became the practical measure of value, which it has ever since continued to be."

INTERNATIONAL BIMETALLISM.

There is something fascinating and overwhelming in the idea of great nations combining to do a thing. When one thinks of the vast military and financial power of the

civilized countries, he readily accepts, without inquiry, the idea that they have as great power over economic laws as they have in a physical sense. This is even true when considering the more limited power of a single nation. Many people find it difficult to conceive of the limits of the power of the United States, or its prodigious ability to make mistakes of the most foolish kind—experience to the contrary notwithstanding. Two years ago I read a paper by the Hon. Andrew D. White, ex-President of Cornell University, in which that gentleman indulged in the pleasing antithesis, that while the Federal Government fulfilled its functions in an extremely creditable manner, our municipal institutions were a conspicuous failure. In reality, whether one contemplates the tariff, the currency question, the improvement of rivers and harbors, the management of the postoffice, or in fact any other department of the Federal Government, he finds an incredible state of inconsistency, incapacity, wastefulness, meanness and mismanagement. To Mr. White, carried away for a moment by the power and splendor of the Federal Government, "the King could do no wrong."

Owing to this superstitious feeling about the power of the great civilized countries, many short-sighted people have jumped to the theory of International Bimetallism, without any real inquiry as to how these countries could bring and maintain silver to a parity with gold.

How could it be done? Manifestly by one method alone—the same method pursued by the United States, when maintaining its greenbacks and its silver coins on a parity with gold. The countries will have to be prepared to exchange an ounce of gold for sixteen ounces of

silver every time they are requested. Clearly the moment that the Government refused to do this, that moment the metals would part company, and gold would rise to a premium and retire from circulation.

Consequently the different nations would have to issue bonds in order to get gold for redemption purposes, as fast as silver was presented; as long as the market estimation of sixteen ounces of silver is less than that of one ounce of gold, people would universally pay their taxes in silver, and consequently the only way to get gold, would be by issuing bonds.

In this way the "endless chain" which we have seen working in this country, would be set in operation on an international scale. People would present their silver to get the Government gold in exchange; the Government would then have to pay out the silver for expense; this silver would again be presented for redemption, and so on *ad infinitum*.

About the second or third day of this process, a country of the financial standing of Italy or Spain would go to the wall, and nobody would buy its bonds. The strongest countries would then look at each other suspiciously and wonder who was going to quit next. It would not be long before the superiority of economic laws over government fiats would be demonstrated to the satisfaction of every man amenable to reason.

The same result would happen and by precisely the same means, if the governments of the whole world undertook to pay \$2.00 a bushel for wheat or \$30.00 a ton for pig iron. They would soon find that one hundred-ton guns and parchment laws would avail as little as

Mrs. Partington's famous broom to keep back the rising tide of the Atlantic.

Indeed a more hair-brained scheme than International Bimetallism has never been brought forward. It can only be accounted for by some such psychological theory as will account for the belief in Christian science, spiritualism, and the conviction entertained by a rustic I once knew, that a man might be strong enough to lift himself by his own bootstraps.

PRODUCTION OF GOLD AND SILVER IN 1894 THE GREATEST IN HISTORY.

"Washington, D. C., June 14.—The Director of the Mint, R. E. Preston, estimates the world's production of gold for the calendar year 1894 to have approximated 8,870,518 fine ounces of the value of \$181,510,100, against \$158,836,000 for 1893, showing an increase during the year of \$22,674,000. The greatest increases in the production of gold during the year were: Africa, \$11,400,000; Australia, \$6,073,000; United States, \$3,500,000; Mexico, \$3,195,000. Mr. Preston estimates the world's production of silver for 1894 at 165,918,338 fine ounces of the coining value of \$214,381,000; the bullion value of the same at the average price (viz.: 63½ cents) of silver for 1894 was \$105,348,135, showing a difference between the coinage and bullion value of \$109,132,965. The increase in the production of silver in 1894 over 1893 was 722,000 ounces. The greatest increase in the production of silver was: Bolivia, \$10,800,000; Mexico, \$3,500,000; Peru, \$2,000,000; Chili, \$1,400,000; Greece,

\$1,400,000. Both the production of gold and silver in 1894 exceeded that of any prior year in the world's history. Mr. Preston is of the opinion that his estimate of gold and silver production for 1894 is a conservative estimate, and he is of the opinion that were the exact facts known they would show an increase even greater than stated."—*Chicago Tribune*, June 15, 1895.

PRODUCTION OF GOLD AND SILVER.

[From 1493 to 1885 is from a table of averages for certain periods compiled by Dr. Adolph Soetbeer. For the years 1886 to 1893 the production is the annual estimate of the Bureau of the Mint.]

Periods.	GOLD.			SILVER.			PERCENTAGE-OF PRODUCTION.	
	Annual average for the period.		Total for the period.	Annual average for the period.		Total for the period.	By weight.	By value.
	Fine ozs.	Value.		Fine ozs.	Coin'g val.			
1493-1529	186,476	\$8,853,000	5,221,169	1,511,050	\$1,954,000	42,300,400	11	89
1530-1569	230,194	11,759,000	5,524,546	2,010,930	3,749,000	69,598,320	7.4	92.6
1570-1609	273,596	5,659,000	4,337,544	1,932,000	189,387,040	207,240,000	9.7	97.3
1610-1649	219,960	4,546,000	4,398,120	90,917,000	192,578,500	248,990,000	7.7	97.8
1650-1689	237,267	4,903,000	4,745,130	88,095,000	269,352,700	348,254,000	1.7	98.3
1690-1729	273,819	5,062,000	5,478,360	113,428,000	271,924,700	331,579,000	2.7	98
1730-1769	266,845	5,516,000	5,336,900	110,324,000	253,084,800	327,221,000	2.1	97.9
1770-1809	281,955	5,828,000	5,689,110	116,571,000	11,776,545	285,530,900	2.3	97.7
1810-1849	297,709	6,154,000	6,921,895	123,684,000	10,834,500	216,691,000	2.7	97.3
1850-1885	346,005	7,154,000	8,213,260	143,088,000	10,992,085	219,811,700	2.1	96.9
1886-1893	412,163	8,220,000	8,213,260	170,403,000	11,432,541	284,240,000	3.5	96.5
1703-1740	613,422	12,681,000	12,268,440	253,611,000	13,803,080	298,650,800	3.5	95.8
1741-1780	791,211	16,376,000	15,824,280	327,116,000	17,140,612	342,812,235	4.1	95.6
1781-1820	665,606	13,761,000	13,313,315	275,211,000	27,163,000	419,711,820	4.4	93.7
1821-1860	571,948	11,823,000	11,438,970	236,464,000	28,951,779	365,535,800	3.1	98.1
1861-1885	571,503	11,815,000	5,715,027	118,132,000	28,746,922	371,687,000	2.9	98.1
1886-1893	597,957	7,600,000	3,079,568	76,063,000	17,385,755	224,776,000	2.1	97.9
1811-1840	457,044	9,448,000	4,570,444	134,479,000	19,144,000	148,576,040	3.3	97.3
1841-1870	652,291	13,484,000	6,522,913	134,479,000	24,793,000	194,758,675	3.3	96.7
1871-1885	1,700,592	36,393,000	17,605,018	393,928,000	25,000,342	324,420,000	6.6	93.4
1886-1893	6,410,264	132,513,000	92,051,021	692,566,000	28,488,397	142,442,986	18.4	81.6
1816-1860	4,846,262	134,083,000	32,431,312	670,415,000	29,095,428	145,477,142	18.2	81.8
1861-1885	5,919,582	122,089,000	29,747,914	614,941,000	35,401,972	177,000,862	14.7	85.6
1886-1893	6,270,086	129,044,000	31,350,430	648,071,000	43,651,583	215,257,914	12.7	87.3
171-1875	5,591,014	115,577,000	27,955,658	577,883,000	63,317,614	316,585,069	18.1	91.9
1876-1880	5,543,110	114,586,000	27,715,570	572,981,000	101,851,000	393,875,069	6.6	93.4
1881-1885	4,794,755	114,586,000	23,973,773	495,982,000	118,955,000	460,919,722	8.6	95.4
1886	5,127,750	106,000,000	23,973,773	495,982,000	120,690,000	594,256,000	6.6	95.4
1887	5,116,845	105,775,000	5,116,845	105,775,000	98,124,943	120,690,000	5.2	95.4
1888	5,370,780	123,489,000	5,370,780	123,489,000	108,827,000	140,766,000	4.6	95.4
1889	5,973,780	123,489,000	5,973,780	123,489,000	120,214,000	155,428,000	4.7	95.4
1890	6,320,195	118,650,000	5,719,320	118,649,000	126,065,000	163,032,000	4.3	95.7
1891	6,320,195	118,650,000	6,320,195	130,650,000	137,171,000	177,352,000	4.4	95.6
1892	7,077,165	146,298,000	7,077,165	146,298,000	152,940,000	197,741,000	4.4	95.6
1893	7,593,377	155,522,000	7,593,377	155,522,000	161,162,000	208,371,000	4.4	95.6
Total.	406,223,949	8,397,395,000	406,223,949	8,397,395,000	7,663,400,716	9,908,247,000	5	54.1

THE POLITICAL LANDSCAPE.

THE POLITICIANS ON THE SILVER QUESTION.

In general the politicians play with the silver question with the same motives that rule them in dealing with other questions; of which the rule of self-preservation is *facile princeps*.

The great art of politics is to attract to your side the sympathy and support of all discontented elements. Contented people are not active enough to make themselves much felt in politics, except in a crisis. It is the force of hatred and discontent that creates political forces. Consequently the average politician goes as far towards antagonizing the present system and towards the assertion that everybody in general is being wronged by some mysterious combination, or by law, as he dares. He gives his hearers plainly to understand in this way, that if they will only trust him, he will put an end to these dangerous combinations and put down everybody and everything trampling on the people's rights. This is about the only road to success known to the average politician, aside from machine manipulations.

The sentiments and actions of the two great parties in relation to the financial question, are amusing and interesting. Beyond all doubt the republican party is on the average, sounder on the money question than the demo-

cratic—that is to say, the average sentiment of the republican party is more clearly for sound money than the average sentiment of the democratic party. Nevertheless, judging the parties by their official record, that of the democratic party is better than that of their opponent, at least in recent years.

The republican Senate has several times passed a free coinage bill. The democratic House has always refused to do so. By a party vote a republican Congress and President enacted the Sherman law. The democratic party while in control repealed that law and enacted no similar one.

This anomalous state of affairs arose from the different ways in which the two parties regarded the protective principle. The republicans believing in protection, find themselves obliged in consistency to “do something for silver;” so in spite of the greater conservatism of their views on the financial question, considered by itself, they have continually been led into an unsound position by reason of their general theory.

It is lamentable that not one of the great leaders of the republican party has anything resembling a sound record on the money question.

Ex-President Harrison not only signed the Sherman Act, but while a candidate for renomination, praised it by describing it as a “long and yet safe step towards free coinage”—a very characteristic deliverance. More recently the ex-President declared for “a larger use of silver.”

If this means anything in particular, it means another Sherman Act. The probabilities are, however, that it

means nothing in particular, except a desire to get the votes of the silver States in the next republican convention.

Governor McKinley, of Ohio, praised the Sherman Act in the fall campaign of 1890 and claimed the credit for the republican party of the rise in the silver, which for a brief season, followed the Sherman Act. In his speech at Grand Rapids in the autumn of that year, the Governor was particularly emphatic in his expressions of this view. Those who have followed the political course of Governor McKinley with close attention will, however, acquit him of insincerity. No doubt the Governor considers that by a proper application of his protective principle, silver could be made equal to gold at 16 to 1 or any other ratio.

The record of ex-Speaker Reed has perhaps been a little better than that of his two leading competitors for the republican nomination; still it is bad enough. He not only assisted in passing the Sherman Act, but has since advocated discriminating duties against England, until she consents to join in an international agreement for free silver coinage; in effect, advocating a commercial war upon the country which takes many times as much of our products as any other, for the sake of booming the price of silver.

In his amendment to the resolution authorizing the issue of bonds payable in gold coin to the Morgan syndicate, Mr. Reed persisted in the ambiguous practice of using the word "coin" without describing what coin was meant—a course which certainly was not business and is no longer politics. The straddle was a little too obvious.

Senator Allison, of Iowa, may be disposed of by saying

that he has generally voted on the sound money side, but has endeavored to conciliate the opposition by acting as if he wanted to vote with them. His record is badly smirched by his having been a party to the Bland-Allison Act of 1878.

All of these great politicians claim to be in favor of the international agreement for free silver coinage. It is likely that they regard this as a visionary scheme, which will never come to anything, and which, therefore, will never embarrass their political course in the future.

Outside, however, of the small, select group of professed silver statesmen, the loudest advocates of the white metal are on the democratic side. Ex-Congressmen Bland of Missouri, Bryan of Nebraska, and Senators Vest, Jones, Morgan and Voorhees, have especially distinguished themselves by their clamor on the subject. Speaker Crisp, Governor Matthews of Indiana, and others have been more moderately but still decidedly on the same side.

There is, however, a small and saving "remnant," which in foul weather as well as in fair, has always stood squarely against the free coinage of silver, and who have never shown any disposition to compromise on the subject.

Among these men, who are entitled to the very highest credit, are ex-Congressmen Harter and Johnson of Ohio, and Tracy of New York. Senator Vilas of Wisconsin, and Secretary Morton have also conspicuously good and consistent records on this subject. Secretary Morton in particular has fought the fiat money idea with his whole power, in whatever shape it has turned up, for years past.

Secretary Carlisle's record is not altogether consistent, as he himself admits, but at present he is intellectually among the ablest of the champions of sound money. His recent speeches at Covington and Memphis may be counted among the finest ever made on the subject.

Mr. Cleveland's record is entirely straightforward and consistent. In his celebrated letter to A. J. Warner in 1885, he took strong ground against the silver position and then and afterwards made it known that he was opposed to the Bland-Allison Act, which was then in operation.

In February, 1891, when the free silver movement seemed to have absorbed nine-tenths of the democratic party, Mr. Cleveland, though a candidate for the Presidency, had the sublime moral courage to write a letter to a New York meeting in which he declared against free silver in the most unequivocal manner. It is understood that he did this against the advice of his friends, and for a time it was well-nigh universally believed that he had ruined himself as a Presidential candidate. History will give Mr. Cleveland the highest possible praise for his unswerving, consistent and patriotic course on this subject.

Heretofore both parties have endeavored to be "all things to all men" in their political platforms. The democratic party, however, has never failed in recent years to declare for "intrinsic value" as the basis for coinage, which is a shade in advance of republican deliverances on the subject. Both parties, however, have used many ambiguous expressions in their platforms, and both have steadily refused to declare for free silver. The people should watch the next National convention

and demand clear and explicit platforms from both the parties.

The subject has now been thoroughly debated and both parties should be forced to take decided positions. Any party which undertakes to make a straddle should be beaten at the polls.

SENATOR SHERMAN.

By far the ablest republican leader at the present time, although unfortunately not now likely to be a Presidential candidate, is John Sherman. His record on the money question has been conspicuous and distinguished, although not entirely consistent. He voted against the famous act of 1873, not because he was opposed to a gold standard, but because he did not think that its coinage should be absolutely free at the mints; being in favor of a slight charge to cover the expense of coinage. As everybody knows, he was the author of the Resumption Act of 1875. In 1890, he was the principal agent in arranging the compromise known as the Sherman Act, which led to such awful disturbance three years later. It is unfortunate for Mr. Sherman's reputation that his name has to be connected with that disgraceful law, which would have ruined the reputation of anybody but himself. Mr. Sherman, no doubt, foresaw the consequences of the law as well as any man living, and took early occasion to declare that he would willingly see it repealed.

His motives for joining in its enactment can only be guessed, but probably were of various kinds. In the

first place, Mr. Sherman is a strong party man, and was at the time in very close alliance with the Harrison administration, and both his party and the administration had determined on carrying something through to appease the silver men, and to secure the passage of the McKinley law, by the aid of the silver Senators; but beyond this, Mr. Sherman probably justified himself by the consideration that the act of 1890 was not different in principle from the Bland Act of 1878, and would merely hasten a little the catastrophe which that law was certain, sooner or later, to bring. The Sherman Act merely trebled the amount of the monthly purchases of silver by the Government. Mr. Sherman may have considered that things had to grow worse before they could grow better, and may have been willing, for this reason, to see the act of 1890 go in force.

It is highly disingenuous to claim that the Sherman Act was passed "for fear of something worse." The House of Representatives and President Harrison were each an impregnable bulwark in the way of a free coinage bill. It is probable, however, that Mr. Harrison wished to escape the possible necessity of a veto, and that this was another motive for the consenting to the passage of the Sherman Act.

In the repeal legislation of 1893, and in the discussion of the ^{Bank} ~~Bank~~ Bill, Mr. Sherman has exerted himself in the most patriotic manner, and is entirely free from any suspicion of having sought to embarrass the Cleveland administration for party advantage, or to prolong the panic and intensify distrust for the same reason. It is lamentable that comparatively few of his colleagues followed him in this course.

WHAT IS THE NAME OF THE GOVERNOR OF TEXAS?

The Western Man is undeniably a great force in our civilization. His self-confidence, courage and egotism do wonders, but once in a while he goes too far.

Governor Hogg, of Texas, was in Boston a few months since and made a speech to some of the big men of that town. He told them in his breezy way that Texas was the place to invest their money.

"Come down and see us," he said, "and bring your check books along. We want immigration down in Texas and we want money. But you fellows must not expect us to pay any more interest than you do in Boston. I see by the papers that call money lends now at one per cent. That's the kind we want—one per cent. money. Texas is a great State and is getting greater every day. We are all for free silver down our way, because it would help us to get out of debt."

A Boston paper states that the enthusiasm excited by these remarks was painfully intense by its absence, and that the rush for Texas ensuing was not overwhelming.

Another paper remarked: "Let us see. What is the name of the Governor of Texas?"

FREE TRADE AND FREE SILVER.

Congressmen Bland of Missouri and Bryam of Nebraska have been conspicuous advocates of free trade on one hand and of free silver on the other.

As advocates of free trade they court the friendship of

Europe, acknowledge the benefit of international exchange, welcome Europeans to our market, and ask similar privileges of others.

As advocates of free silver, "without waiting for any other country on earth," they join in putting a financial barrier between this country and all other great nations, stronger and higher than any tariff heretofore existing, and rendering all business interchanged with foreign countries a matter of speculation in the price of silver, and force every man to be his own broker, or employ someone else for that purpose.

The consistency between these two positions is beautiful. On the one hand, they denounce all protection; on the other hand they advocate the protection of silver to an extent from which even McKinley would shrink.

THE BOND BILL.

The history of the bill authorizing the present administration to issue \$62,000,000 worth of bonds, payable in gold, is one that does remarkably small credit to our national reputation for common sense. In practical business Americans have long recognized the necessity and business sense of promising to pay obligations in gold, if such payment was expected and intended. Nearly all the railroad bonds of the country, and practically all of the municipal bonds outstanding, contained such a promise, as well as many of the real estate mortgages.

Our Government has never refused to pay its obligations in gold, since the resumption of specie payment, or in fact since Andrew Jackson's day. It has always taken

the position that one dollar must be as good as every other dollar, and in consequence has paid in gold when so requested.

When it became necessary to issue the bonds in February, 1895, the Morgan-Rothschild syndicate offered, if Congress removed the slight doubt, to which the bonds were otherwise liable, by declaring that they would be paid in gold, to take them at such a rate of interest that, during the life of the bonds there would be a saving to the people of \$16,174,770.

These bonds were to be issued for a loan of gold, not a loan of gold and silver, or silver. Independently, therefore, of the national policy to pay in gold, or its actual equivalent, we are under the highest moral obligations to pay these bonds in the same metal that was loaned on the faith of them. The common sense and common decency of mankind would revolt at our attempting to repay 100 cents' worth of gold with 50 cents' worth of silver; and no such proposition would be championed by anybody except out-and-out fanatics and fiatists. Yet, incredible as it may seem, in the face of the earnest recommendation of the President and his clear exposition of the question at issue, the House of Representatives, by a considerable majority, refused to authorize the issue of bonds in the form desired.

Politics and partisans were responsible for this in a considerable degree, though a small majority of the democrats, as well as a large majority of republicans, voted against the Administration measure. Mr. Reed introduced and secured the support of his party for a measure authorizing bonds payable "in coin," thus dodging the

question. Afterward Mr. Reed voted for the bill when its defeat was certain, but did not attempt otherwise to assist its passage

The attitude of the majority of the House on this question was ridiculous in the extreme. They seemed to take the position that, if they chose to pay these bonds in gold, silver, copper or lead, it was all the bondholders had a right to ask or expect.

In a word, that they failed to use for the Government the plain business sense and plain, ordinary decency which they would all have used in their private business.

THE BOND SYNDICATE.

The contract between the Government and the Morgan-Rothschild bond syndicate is one of the most remarkable papers ever drawn, and, if entirely successful, the most brilliant achievement in the history of finance. The syndicate included several hundred members, mostly banking houses in the United States and Europe, besides the great houses of Morgan and the Rothschilds.

In substance, this extraordinary contract provided that, in consideration of the sale of the bonds at a certain rate to the syndicate, the latter would use its utmost endeavors to protect the gold reserve of the Government from being drained, by the presentation of legal tender for redemption, and from all demands for shipment of gold to England. Their method of effecting this was to sell European exchange at a cheaper rate than the gold could be taken out of the Treasury and shipped thither. In consequence of this, no gold was shipped from this country to Europe from February, 1895, to the present writing.

From the time the syndicate undertook this contract, it became their interest to promote, in every possible way, the return of confidence and business activity. They sought to restore the popularity of American securities in Europe, and succeeded in effecting very large sales of American securities abroad; among others, some \$35,000,000 of bonds issued by the Elevated Railway system of New York. They also exerted the powerful influence of the banks for the removal of all such causes of financial disturbance as railroad rate wars and the like. Mr. J. Pierpont Morgan, who is generally supposed to be the active head of the combination, is said to have given a dinner at his house, to the presidents of a number of the great railways which were indulging in a rate war, and to have impressed upon them the absolute necessity of their keeping things in order; and he is even said to have conveyed the intimation, in no indistinct terms, that any railroad manager who failed to do this might expect to look for another position.

It is yet too early to claim the complete success of the syndicate's operations, but the indications are that they will be entirely successful. The revival of prosperity and industry already felt is remarkable, and is apparently but a foretaste of what is coming.

It is extraordinary that a syndicate of bankers should be able to restore credit and prosperity to a country a hundred times as rich as themselves; but such is the result of the application of limited wealth when directed by great intelligence and credit.

Mr. J. Pierpont Morgan has been known for years for the great ability and tact he has displayed in such matters

of "high finance" as the reorganization of insolvent railways, etc. But this achievement will, if successful, be incomparable with anything heretofore accomplished by private citizens.

It compares well with the brilliant performance of Charles Montague in rescuing the business of England from its demoralized condition, two hundred years ago, and described in another part of this pamphlet.

Some newspapers have inveighed against the profits claimed to be made by the syndicate. These are no doubt considerable, though less, so far as the syndicate itself is concerned, than the present market quotations of the bonds (about 119) would indicate, for the syndicate parted with them at 112. Reckoning in the heavy expenses to which they have been subjected, the syndicate has, according to Mr. Brayton Ives, made about six per cent., or a little more than ordinary brokerage, for effecting a large loan.

If the syndicate had made five times as much, the contract would still have been the best investment the Government ever made, for it has been worth billions to the country in the restoration of confidence and business activity.

THE DANGER AHEAD.

As soon as the Government's receipts exceed its expenditures, which will shortly be the case, this country will be on a perfectly safe financial basis, notwithstanding the "endless chain" which has hitherto drawn gold out of the National Treasury. While it would be better if the

Government would pay off its debt expressed in greenbacks and cancel it, the demand for currency in business and its absorption by the excess of revenue will probably, with the restoration of confidence accompanying, lead to a cessation of the demand for the Government's gold; though it will naturally be some time before we can expect that so large a proportion of the revenues will be paid in gold, as prior to the act of 1890.

There is, then, no considerable danger in things as they are; nor is there any probability worth mentioning that the free silver people will gain control of Congress and the executive. Yet a contingency is closely within view which is fraught with the gravest perils.

As matters stand to-day, the republicans will probably win the Presidency and the House of Representatives in 1896. In the Senate the silver Senators will undoubtedly have, as they had in 1890, the balance of power. The republicans will wish, as they wished in 1890, to pass an act giving more tariff protection. And the silver Senators will have the power in 1898, as they had in 1890, to block the tariff legislation desired, unless a silver measure—either free silver or something like the Sherman Act—is passed for the alleged benefit of the mining States.

The republicans will then be in a very awkward dilemma, and it is greatly to be feared that they will again yield to the pressure thus brought.

Senators Quay and Cameron have frequently shown that they would vote for free silver itself to procure such an adjustment of the tariff as they desire. In other words, they think there is as much "in" proper tariff schedules for some of their friends as there is "in" free

silver for the mining States, and they are great believers in "addition, division and silence."

Ex-President Harrison, who seems at this time likely to be renominated, has publicly pronounced for a larger use of silver. This indicates his willingness to assent to another law for the compulsory purchase of silver. To suppose that he meant merely the retirement of the Sherman Act notes and the use of the silver which they represent, is to attribute great duplicity to the ex-President; for this would be of no benefit to the silver States, and is scarcely wanted by anybody. Notwithstanding, therefore, the guarded expressions used by Mr. Harrison in 1893, to the effect that the Sherman Act was a mistake, he seems to revert to his formerly-expressed view, that it "was a long, yet *safe* step towards free coinage," in which remark he showed his strong inclination to conciliate the silver men, even to the extent of admitting that free coinage was desirable and possible.

Mr. McKinley is as eager for a new tariff as Senator Quay, who is one of his principal supporters. He would, therefore, in the contingency apprehended, be an exceedingly unsafe man on the currency question.

Mr. Reed has, by his suggestion of tariff discrimination against England, in case of her refusal to enter into an agreement for international bimetallism, and in other ways, indicated a desire to meet the views of the silver element. He seems, however, on the whole, to be a safer man on this question than any of his prominent competitors.

The silver republicans have declared their intention of asking the Republican National Convention to pledge its

candidates not to use the veto power to prevent the passage of silver legislation. If they succeed in this, the danger of such legislation will be much intensified.

Again, the whole instinct of the party will be, as in 1890, to prevent a total wreck of its programme by the silver Senators. The pressure will be exceedingly strong and difficult to resist. When so intelligent and able a man as Mr. Sherman could be induced to arrange such a compromise as he did in 1890, it shows the force of such conditions.

In this event, if the party yields again, we shall simply have the panic of '93 over again. The contingency is quite possible, in fact is now in clear view, and we can only hope that the experience of 1893 will not be altogether forgotten, and that the patriotism of the rank and file of the republican party will refuse to stoop again to the silver yoke.

CONCLUSION.

The foregoing pages discuss all the important aspects of the financial question.

For years I supposed, along with the public in general, that there was some real basis for the silver agitation; a basis probably insufficient, but still actual so far as it went.

Continued study has convinced me that there is not a single claim made by the silver men which has any foundation in truth.

They claim that gold is rising in value, and that debtors are oppressed by having a gold standard. The fact is that gold, from many causes, but chiefly its increased production and the economy in its use effected by banks, has gradually fallen.

They claim that there is a connection between the fall of silver and the fall of wheat. There is no such connection; the fall in wheat at the great markets having clearly been effected by the building of railways, the cheapening of freights and the competition of vast areas of virgin soil.

They claim that, with the free coinage of silver by the United States alone, it would be doubled in value and circulate with gold, although history shows that nothing of the kind has ever happened.

They claim that free coinage by the United States alone would double the value of silver, and in the next

breath they declare that it has taken the demonetization of silver by thirteen nations to bring silver where it is; in other words, that one nation can give as much value to silver, by free coinage, as was destroyed by its action in demonetizing along with twelve other countries.

They claim that bimetallism has existed for two hundred years prior to 1873; in point of fact, the contemporaneous circulation of gold and silver in a fixed legal ratio has never taken place anywhere for any length of time.

They claim that the free coinage of silver would double its value; and yet claim that it would relieve the people, by making it easy to pay debts.

They claim that the act of 1873 was rushed through by a conspiracy, whereas the official records show that nothing of the kind was possible, and that Senator Stewart himself voted for that act. They claim that this act made a great change in the state of things, whereas it merely confirmed and fixed the gold standard which had in fact existed since 1834.

They claim that the United States, by ceasing to coin silver as basic money, decreased the demand for it and broke its price, whereas the Government has bought, since 1873, about fifty times what it ever coined before.

The only substantial thing on the silver side of the question is the \$100,000,000 worth of silver bullion which a small number of men of great intelligence, political power and activity desire to sell at a high figure. If the people of the United States are foolish enough to be taken in by these men, the most consoling reflection will be that they will deserve the terrible punishment they will receive.

Of this, however, the probability is extremely small. The silver men have committed the great blunder of forcing the fight a long way ahead, and have secured the concentrated attention of the public on this question. Their assertions and reasoning are being thoroughly winnowed, and organization is being met with counter-organization. Free silver has never shown any genuine popular strength, and has fewer elements of it than the greenback agitation, which was supported by the great and undoubted fact that, under the resumption law, money was rising in value. The late democratic conventions show far less free silver strength than was anticipated, and, with the rising tide of prosperity, now so conspicuous, the only genuine and natural power it had will swiftly depart. The ex-greenbacker has for many years been explaining that he was not quite a greenbacker. The free silver politician of 1895 will find his principal occupation hereafter in explaining that he was not really a full-fledged silver man—that public men are terribly maligned, and that it is all an invention of his enemies. He will get just about the credit he deserves.